



MASTER'S DEGREE THESIS

For the acquisition of the academic degree Master of Science (MSc)

Academic program: Management and Applied Economics

University: Johannes Kepler University, Linz

Institutional Analysis of the Field of Social Entrepreneurship in Austria

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Submission: 08/2013

Declaration

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Executive Summary

The first part of the thesis elaborates on the concept of social entrepreneurship. Since it is relatively new for Austrians apart from experts in the field, a definition of social entrepreneurship and a delineation of related movements (Chapter 2), its origin and its positioning (Chapter 3) are provided in form of a literature review. Further, international quantitative data, an EU Initiative and data from available studies on Austria enable an assessment of the phenomenon (Chapter 4).

After the overview on social entrepreneurship research, an introduction into Institutional Theory is given (Chapter 5). It provides the construct of organizational field, which is used to analyze the field of social entrepreneurship in Austria.

The practical part of the thesis (Chapter 6) draws a picture of interrelations in the field of social entrepreneurship in Austria. The eight identified categories of actors are named: Social Economy, New Initiatives, Industry, State, Social Partners, Traditional NPOs, Foundations and Research Institutes. Research revealed interactions among these actors and enabled a categorization of involvement in the field. The ways of involvement assigned to actors are: active in social services, financially supportive, enabling networks, advocacy, regulative, informative, in competition and cooperative in projects.

In the following, the focus lies on the two groups of actors that are active in social services with entrepreneurial methods, the Social Economy and the New Initiatives. Their umbrella organizations' support is apt to elaborate on differences in their frames of how social services should be provided. Similarities between the two categories lie in the primacy of social goals as object of the organizations, which are realized with innovative ideas and activities on the market. These characteristics define social entrepreneurs, which is the reason why both categories are analyzed in this research. Different background perspectives are found: Social Economy organizations view state support as essential for the provision of social services, while New Initiative organizations try to become financially independent by business methods. These backgrounds create varying understandings of innovation, and their perceptions of managerial proficiency in social organizations and of the problems of social entrepreneurs in Austria. As a consequence, Social Economy organizations influence the field by advocacy for improved conditions directed towards the State and New Initiative organizations bring ideas of social investment and social impact bonds into the field.

The additional analysis of seven social awards in Austria revealed that actors are mixing in the execution and the juries of awards, and the participation in award competition. In regard to the awards' influence on the development of social services, the importance of innovation, of the impact for target groups and beyond, and of business models in evaluation criteria is identified.

1 Introduction

The introductory section gives first glances at the topic of social entrepreneurship intended to arouse the reader's interest. In the next step it defines the focus of research and contains the research questions. After explaining the methods used in the process of research, the introduction will be closed with an outline on the chapters of the thesis.

In the interest of readability, names of organizations will be written in *italic* letters throughout the thesis.

1.1 Incentives

The incentives for choosing the topic of social entrepreneurship are diverse. On the one hand, the field is growing rapidly, which is to some extent indicated by the growth in the number of non-profit-organizations since the 1980s.¹ But also other forms of social entrepreneurship beyond the nonprofit sector are on the rise. Though not all initiatives are new, they become more and more popular nowadays.² As I started to dig deeper into the field, I realized how many initiatives are already active in Austria to support social entrepreneurs. This inspired me to write about it and make it visible to a broader community.

Also in the academic world contributions on the field have increased. A quantitative analysis by Short, Moss and Lumpkin (2009) showed that since the start of social entrepreneurship research (including also social venture and social enterprise as key words in search) only 8 articles were published in dedicated management and entrepreneurship journals. With no restriction of journals there were a total of 152 articles published up to 2009. Although initial ideas go 35 years back in time, the topic of social entrepreneurship is relatively new for scholarly contributions, with the first article appearing in 1991.³ Increase in scholarly interest can be assessed for example by the fact that today there are three scientific journals focusing on the topic: the Social Enterprise Journal, which was firstly issued in March 2005, the Journal of Social Entrepreneurship existing since 2010, and the International Journal of Social Entrepreneurship and Innovation with its first publication in 2011.

The sector attracts attention, involves more and more people and also investors. The work of social entrepreneurs has a significant impact on economic and social regeneration.⁴ Social entrepreneurship has emerged to find solution to societal problems like climate change, inequality and poverty, lack of access to basic healthcare, clean water and energy, mass migration, international terrorism,⁵ and the global financial and economic crisis.⁶ Social enterprises see themselves as sustainable and therefore future-oriented models of organizations, combining economic, social and environmental goals.⁷

Huybrechts (2012) identifies three major drivers for the current rise of social entrepreneurship:

- Demand for social and environmental action due to global crises
- Modern technical devices and programs enable civil actors and social entrepreneurs to be connected and interact
- Change of the role of the state and new public management

¹ Austin et al. 2006, p. 1.

² Defourny, Nyssens 2012, p. 20.

³ Short et al. 2009, p. 162.

⁴ Thompson 2008, p. 150.

⁵ Huybrechts, Nicholls 2012, pp. 7–8.

⁶ Borzaga, Galera 2012, p. 2.

⁷ Interview Pühringer: 63-75.

While the interest in social entrepreneurship is growing, it is not a new phenomenon. Some prominent persons of the 19th century fall under the definition of social entrepreneurs discussed about nowadays. However, important organizations that foster social entrepreneurship emerged not long ago, in the 1980s (*Ashoka* in 1981) and 1990s (*Schwab Foundation* in 1998 and *Skoll Foundation* in 1999).⁸

One reason for the popularity of social entrepreneurship nowadays is the fascination about entrepreneurs and their stories. These distinct personalities with creative minds manage to overcome odds and invent special products and services, which improve people's life. This is true for social entrepreneurs, like the Nobel Peace Prize laureate Muhammad Yunus, as well as for business entrepreneurs like Steve Jobs. But it is more behind the interest in social entrepreneurship than the fascination about leading entrepreneurs. It is the engagement in doing good for society, aiming at social transformation and benefit to the community that gives a distinct value to the field. Muhammad Yunus winning the Nobel Prize in 2006 is a turning point in the recognition of social entrepreneurship.⁹

Muhammad Yunus refers to the limits of economic theory that seem to be a driver for him. Economic theory postulates that everyone in the system should strive for the maximum for themselves. Then if something goes wrong, it is often attributed to market failure. Yunus identifies to problem deeper, namely in the concept of economy and its actors. Humans should not be regarded solely as economic individuals, that way the essence of people is completely mistaken. They have other needs and also things to give. Economic theory makes human beings one-dimensional entities.¹⁰

Beside these arguments, a quote by the founder of *Ashoka*, Bill Drayton, gives inspiration for the thesis: "Social entrepreneurs are not content just to give a fish, or teach how to fish. They will not rest until they have revolutionized the fishing industry."¹¹

Despite the increasing interest, popularity and contributions, the field of social entrepreneurship is still evolving and it is, in research as well as in practice, still in the process of definition.¹²

1.2 Need for research and Research focus

Since little statistical information is gathered on social organizations in Austria¹³, this field is difficult to grasp. Papers about Austria, and contributions to European wide studies on behalf of the European Union usually address work integration social enterprises (WISEs or ECO-WISEs).¹⁴ In regard to non-profit organizations, scholarly attention has increased since the year 2000¹⁵, therefore it has been dealt with more thoroughly (e.g. Simsa, 2012). A lack of studies can be identified in the field of social entrepreneurial organizations, except the paper by Lehner (2011).

Due to the lack of studies and the recent entrance of new organizations¹⁶, an overview on the current field of organizations is needed.

⁸ Huybrechts, Nicholls 2012, pp. 7–8.

⁹ Martin, Osberg 2007, p. 30.

¹⁰ Yunus 2006, p. 39.

¹¹ Drayton, Quote, 22.01.2013.

¹² Nicholls, Cho 2006, p. 99.

¹³ Austrian Institute for SME Research 2007, p. 3.

¹⁴ Anastasiadis/Mayr 2008, 2010; Austrian Institute for SME Research 2007a,b; Bundesdachverband Sozialer Unternehmen 2009; Leichsenring 2001.

¹⁵ Lehner 2011, pp. 58–59.

¹⁶ Lehner 2011, p. 59.

This thesis is dealing with the broad field of social entrepreneurship. Under this heading, it is not adequate to focus solely on organizations like *Ashoka* and their members, only because they explicitly use the term “social entrepreneurship”. That way other socially active organizations in Austria that also fall under the scientific definition of social entrepreneurship would be omitted. On basis of the literature review on social entrepreneurship, a definition for organizations under research is developed (Chapter 6.2). This will include organizations of two different streams (referred to as “New Initiatives” and “Social Economy”).

The thesis contributes to social entrepreneurship research by collecting data on the scene of social entrepreneurial organizations in Austria and their interrelations to other actors and their frames. Further, it contributes to institutional theory by adapting it to an empirical field, which has not been studied under an institutional perspective before.

I use institutional theory to explain how the organizational field of social entrepreneurship is built around the issue of how social services should be provided. The research concentrates on organizational actors active in social service provision with entrepreneurial methods. Insights into social service providers’ perspectives and frames on the issue are intended to achieve.

The research questions are:

Which actors are involved in the field of social entrepreneurship in Austria and how?

Which are the main frames and definitions of the issue of social service provision?

The study claims to give an extensive view on the phenomenon of social entrepreneurship, first as dealt with in the literature and results of prior studies, then as a field perspective of Austria.

1.3 Methods

In line with qualitative research methods, data on the empirical field is gathered in order to form general inferences. Data from different origins and perspectives is used to attain a broad range of perspectives.

In order to create a fundamental theoretical basis of knowledge, a literature review on social entrepreneurship and institutional theory constitutes the first part of research.

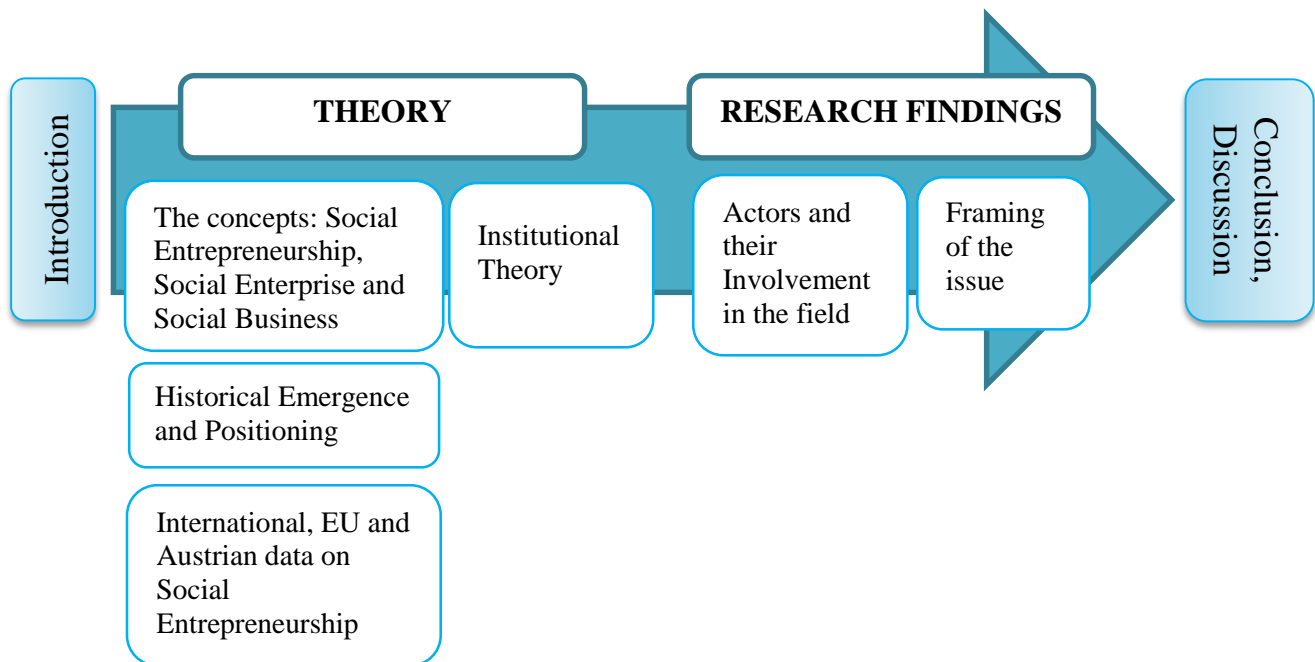
In the second part, gathered data are analyzed and interpreted. I use two sources of data for investigating the organizational field of social entrepreneurship. In a first step, internet research gave easy access to a broad field of organizations, starting from umbrella organizations of social service providers and awards subsequently leading to organizations in interaction with those. Internet research provided an important basis of information on actors and their involvement in social entrepreneurship. Documents and reports that are offered on some of these webpages give additional insights into the field. Potential interview partners and interview questions have been worked out in this stage of research.

The second source of data are expert interviews. They enabled the researcher to grasp the field in more detail, get informed about additional involvements and their frames. Interview partners were chosen according to their field of expertise intending to cover a broad range of perspectives. Based on data from webpages and interviews, categories of organizations were identified and these actors were coded into how they are involved in social activities. Indicators for this involvement were: the provision of social services, support in different ways (advocacy, financing, networks, and cooperation in projects), competitive or regulative involvement, and information provision.

In order to assess how the actors frame the issue, two indicators are used. First, what is awarded in social awards competitions and by whom. Secondly, what do umbrella organizations of social service provider want to achieve for members. Investigations on these questions reveal attitudes of the actors on the subject of how social services should be provided, and profound similarities and differences are worked out.

1.4 Outline

The following figure presents how the thesis is organized.



2 Definition of concepts

As a basis for further examination the underlying concepts of social entrepreneurship and social enterprise, as well as the concept of social business are defined in this chapter. Furthermore, their relation to and differentiation from concepts like Corporate Social Responsibility (CSR) and non-profit organizations (NPOs) have to be made clear in advance of further research.

2.1 Social entrepreneurship

The basic idea of social entrepreneurship is the combination of a social mission with a business-like operation of the organization. Since governmental and philanthropic initiatives do not attain satisfactory results, Dees (1998) sees social entrepreneurs as potential actors for creating new models that address social needs.¹⁷ These organizations succeed in integrating economic and social value creation.¹⁸

Social entrepreneurial organizations are alternatives and/or complements to actions of governments and international institutions to find solutions for unmet social needs.¹⁹

A lot of researchers concentrate on the person who initiates social entrepreneurship and work on their unique qualities, motivation and ideas (e.g. Bornstein, 2007, collection of authors in Trivedi and Stokols, 2011). Dees (1998), as one of the first researchers on social entrepreneurship, ascribes social entrepreneurs a set of exceptional behaviors, which differentiate social entrepreneurs from other kinds of leaders. They have special abilities and a unique mind-set.²⁰ Social entrepreneurs are viewed as change agents in the social sector. They achieve change through a mission of creating and sustaining social value by identifying new opportunities and continuously innovating and learning. They act without being limited by current available resources and control their effectiveness.²¹ Although the attitude and motivation of the entrepreneur is decisive in starting and running a social undertaking, the thesis will not further elaborate on personal characteristics.

Social entrepreneurship is viewed as a process (Mair and Marti, 2006) or as activities (Peredo and McLean, 2005) for creating social value. Innovative resource combinations are used to explore and exploit opportunities for achieving social impact. Within the process, products and services are offered or new organizations are created.²²

2.1.1 Detailed view on “social” and “entrepreneurship”

According to Martin and Osberg (2007) a definition of social entrepreneurship should start with entrepreneurship, the term social is only marking the kind of entrepreneurship.²³ Dees (1998) supports this view. Theory building of social entrepreneurship is based on entrepreneurship research.²⁴

¹⁷ Dees 1998, p. 1.

¹⁸ Mair, Marti 2006, p. 36.

¹⁹ Seelos et al. 2010, p. 1.

²⁰ Dees 1998, p. 6.

²¹ Ebd, p. 4.

²² Mair, Marti 2006, p. 37.

²³ Martin, Osberg 2007, p. 30.

²⁴ Dees 1998, p. 3.

The term entrepreneurship

Peredo and McLean (2005) found their work on entrepreneurship on the study of Dees (1998) and add two points, which results in six characteristics of entrepreneurship. Dees forms his definition of social entrepreneurship around a collection of concepts on entrepreneurship from the literature. He combines the concept by Say, after whom (1) entrepreneurs are value-creators; the scholarly contribution by Schumpeter, who defines entrepreneurs as (2) change agents that drive the economy; and the concepts of two current theories. These are by Peter Drucker, saying that (3) entrepreneurs have a mind-set that identifies opportunities to create change, and by Howard Stevenson, who added to the opportunity management the element of (4) acting regardless of resources currently controlled.²⁵

Peredo and McLean add (5) the capacity to endure risk or risk-tolerance, after Tan et al. (2003), to the definition of social entrepreneurship, and (6) the notions of balanced judgment and steadiness of purpose, after Mort et al. (2003). The balanced judgment and steadiness of purpose are similar to Dees' definition of social entrepreneurs regarding their relentless pursuit of opportunities and self-assessment of impact.²⁶

The term social

A basic feature in the common understanding of social entrepreneurship is the goal to benefit society in some way. This is synonymous to the increasing of social value, meaning a contribution to the welfare or well-being of a given community. Peredo and McLean (2005) show that there is disagreement over the priority and the position of social goals besides other objectives of the social entrepreneur.

At one extreme researchers support the view of social goal(s) as exclusive aim. For example Dees (1998), as stated above, supports the understanding of absolute social orientation. It is the "central criterion" and financial wealth is only a mean. The exclusively social goals can be combined with a not-for-profit business model, like a grocery store that distributes goods which cannot be sold anymore to the poor. In this model no fees are charged or other kind of return is demanded. Organizations of this category are non-profit (NPOs) or non-governmental organizations (NGOs).

Social goals can also go along with earning income. When not-for-profit organizations are combined with profit creating activities, they are often called hybrids. Peredo and McLean (2005) ascribe this status to the *Grameen Bank* and other microcredit lending agencies. (See Chapter 2.3 for the understanding of social entrepreneurship by the founder of *Grameen Bank*.) There are two types of organizations that have social goals and generate income. The first has itself the goal to produce something beneficial for disadvantaged people, like the *Grameen Bank*. The second is not itself involved in social goals but supports other social activities, such as foundations. A prominent example of this complementary type of social entrepreneurship is the *Bangladesh Rural Advancement Committee (BRAC)*.

Peredo and McLean (2005) realize that the boundary between not-for-profit and for-profit organizations engaging in social missions is vague. Examples from both sides, and cases in which organizations changed over time, are called social entrepreneurs by reputable commentators like the *Schwab Foundation* (section 2.1.3). This means that initiatives with social goals may also distribute profits to owners and are still seen as social entrepreneurship.

²⁵ Dees 1998, p. 1–4.

²⁶ Peredo, McLean 2005, p. 8; after Tan et al. 2003 and Mort et al. 2003.

As an example the *Ciudad Salud* ("Healthy City") is mentioned, which became a profitable undertaking with an initial innovative approach of waste collection in the city of Lima, Peru.²⁷

Organizations with a social ethos are those which are primarily creators of financial capital, a certain proportion of which is donated to social and community activities and causes. *The Body Shop* is an example for this fourth type of organizations with social goals. As a company listed at the stock exchange it has to show profits to its shareholders, but the ethos is about helping the third world and the environment through appropriate sourcing and preservation projects. The social orientation is also reflected in the company's attitude to customers, employees and franchisees.²⁸ Peredo and McLean (2005) list *Ben & Jerry's* as another example for this fourth type.

While social impact is the primary goal for social entrepreneurship, it is a by-product in business entrepreneurship.²⁹ In business entrepreneurship social impact is generated indirectly by generating economic gains, therefore social value is tied to economic value. Economic value is made by bringing resources, like material and human capital, together and creating outputs for sale outside the organization. Thereby social value in form of jobs or infrastructure is also generated. Social entrepreneurs, however, share knowledge and collaborate beyond their organizational borders, with other social ventures, the government or commercial businesses in order to fulfill their primary goal, social value creation. While following the social mission, social ventures can also create economic value, which is their by-product, when offering products or services for sale. This is often needed to guarantee financial viability.³⁰

Social entrepreneurship can take place on a not-for-profit basis as well as on a for-profit business model. The model depends on the nature of the social needs addressed, the amount of resources needed, the scope for raising capital and the ability to capture economic value.³¹

The table below summarizes the four types of organizations explained above. Type five organizations are classified as organizations with social goals that are less important than other goals of the company. The arrows in the table indicate the importance of social goals among other goals, and the use of commercial exchange and profit distribution to owners and shareholders. The head of the arrow is pointing at the highest of each category.

²⁷ Peredo, McLean 2005, p. 12–17.

²⁸ Thompson 2002, p. 427.

²⁹ Mair, Marti 2006, p. 39.

³⁰ Trivedi, Stokols 2011, p. 16.

³¹ Mair, Marti 2006, p. 39.

	Place of Social Goals	Role of Commercial Exchange	Example
1	Enterprise goals are exclusively social	No commercial exchange	Traditional NGOs, NPOs
2	Enterprise goals are exclusively social	Some commercial exchange, any profits are taken for social benefit or in support of the enterprise	<i>Grameen Bank, Bangladesh Rural Advancement Committee (BRAC)</i> – printing press, cold storage, garment factory
3	Enterprise goals are chiefly social, but not exclusively	Commercial exchange, profits in part to benefit entrepreneur and/or supporters	<i>Ciudad Salud</i>
4	Social goals are prominent among other goals of the enterprise	Commercial exchange, profit-making to entrepreneur & others is strong objective	<i>The Body Shop, Ben & Jerry's</i>
5	Social goals are among the goals of the enterprise but subordinate to others	Commercial exchange, profit-making to entrepreneur & others is prominent or prime objective	Social objectivities undertaken by corporations such as banks, 'Cause-branding'

Figure 2-1: SE along two continua ³²

In their work Peredo and McLean (2005) show that there is disagreement on the priority of social goals among others. Zahra et al. (2009) found out that some entrepreneurship centers from leading business schools place social goals equal to economic goals, therefore referring to a double bottom line.³³

However, the view that social goals have to be prevalent among others to define it as social entrepreneurship seems to have become widely accepted (Mair and Martí, 2006; Martin and Osberg, 2007; Zahra et al., 2009; Seelos, Mair, Battilana and Dacin, 2010; Trivedi and Stokols, 2011). Galera and Borzaga (2009) call it the narrow definition of social entrepreneurship.³⁴ Traditional profit maximization is in most existing definitions not related to social entrepreneurship.³⁵ Therefore type 5 organizations of the table above are not included in the working definition of this thesis. The author would categorize the social activities of type five organizations under the concept of Corporate Social Responsibility (CSR).

Although social entrepreneurship is related to CSR, it still has to be distinguished from it.³⁶ Even if social entrepreneurs make financial profit and may share some characteristics with traditional for-profit companies, profit serves in first place as a means for achieving social

³² Adapted from Peredo, McLean 2005, p. 23.

³³ Zahra et al. 2009, p. 521.

³⁴ Galera, Borzaga 2009, p. 211.

³⁵ Zahra et al. 2009, p. 521.

³⁶ Hulgard 2010, p. 3-4.

change and improvement.³⁷ Moreover, CSR does not have to be entrepreneurial nor innovative. Often it is pursued by aligning corporate practices with long established practices and norms, therefore lacking innovativeness. These make the defining differences.³⁸

Although social entrepreneurship can also run on a for-profit model (Austin et al., 2006), type 4 organizations are not included in the working definition of this thesis. Conceptually there are arguments for and against including them in the concept of social entrepreneurship depending on whether it is a broad or a narrow definition. Type 4 organizations will be excluded in the empirical part as a necessary decision to define a range of investigated organizations.

2.1.2 Distinction from private for-profit companies and NPOs

Several dimensions are analyzed in this part to illustrate differences of social entrepreneurial organizations to other business models.

Opportunities

Beside the difference in primary goals, a fundamental disparity between business- and social entrepreneurship is detected in the opportunities social entrepreneurs tackle. While businesses see their business opportunities in new needs and wants, especially attracted by a growing market size, social entrepreneurs work where the market fails, where social needs and demand stay unmet.³⁹

The exploration and exploitation of opportunities are a key issue in social entrepreneurship. Defining opportunities for social entrepreneurs is complicated by their hybrid character. Economic opportunities are based on profits while social opportunities are inherently vague. A concept on social opportunities has to take economic as well as social aims into account. Zahra et al. (2008) present an alternative conceptualization to the economic view based on the behavioral theory of the firm, due to which human decision making and judgment is following simple relations and routines. The theory suggests five criteria marking social opportunities: prevalence, relevance, urgency, accessibility and radicalness.

- Prevalence: Social opportunities exist because there are prevalent needs in human society, like poverty. Social entrepreneurs subjectively identify opportunities and consider them as worthy of attention.
- Relevance: Social opportunities are chosen if the entrepreneur's background, beliefs, skills and resources match with his/her assessment of the opportunity's importance. The relevance is decisive for an entrepreneur's behavior towards and actions in his/her environment.
- Urgency: Unpredictable and spontaneous incidents like natural disasters or wars create huge needs for the concerned people and require quick reactions. These opportunities are called urgent.
- Accessibility: If social opportunities are highly accessible they are often addressed by traditional welfare organizations or state actions because they are easier to deal with, they make results more visible and are more likely to get financed. The social entrepreneur will therefore look for opportunities where he/she can differentiate their organization and therefore attain legitimacy and resources.
- Radicalness: Opportunities that are not easy to access often also require more radical and creative solutions. These are often not met by traditional welfare organizations due

³⁷ Trivedi, Stokols 2011, p. 19–20.

³⁸ Huybrechts, Nicholls 2012, p. 5–6.

³⁹ Austin et al. 2006, p. 6–7.

to their institutional setting. For social ventures, in contrast, it is easier to address radical social missions and innovate because they do not have clearly defined structures. Radicalness describes how much innovation or change is needed for addressing a social problem.⁴⁰

Typical opportunities for commercial entrepreneurship are not likely to have all of these five characteristics. Comparing the attributes gives first impressions on the differences between commercial and social opportunities:

Similar to social opportunities are the attributes relevance and accessibility. Like social opportunities, commercial opportunities must be relevant to the entrepreneur's background, talents, skills, and resources. Also, in general, commercial entrepreneurs look for opportunities that are not easy to access for others in order to raise profit chances.

Different to social opportunities are prevalence, urgency and radicalness. Since commercial entrepreneurs sometimes focus on narrowly defined markets like niches, commercial opportunities do not necessarily have to be prevalent. Urgent opportunities are rather untypical for commercial entrepreneurs to address, especially if they suddenly disappear again. Profits are the more decisive criterion. Furthermore, if solutions have to be radical it rather discourages commercial entrepreneurs since they normally entail heavy early investments.⁴¹

While Zahra et al. (2008) see urgent opportunities as relevant for social entrepreneurs, researchers seem to be discordant about it. Trivedi and Stokols (2011) refer to this point as a divergence between social entrepreneurs and traditional NPOs arguing that social entrepreneurs focus more on longtime existing and unsolved social problems than dealing with emergency situations and leading disaster relief programs.⁴²

Collaboration

Social entrepreneurship distinguishes from business entrepreneurship in terms of collaboration. For businesses, collaboration takes only place inside the company, in order to gain efficiency along the supply chain. That is their way of inclusiveness.⁴³ Social entrepreneurship depends highly on resource mobilization; therefore it collaborates with complementary organizations or even with competitors. It is regardless whether the value is produced inside or outside the organizational boundaries. Collaboration brings a lot of obstacles with it but social goals need more resources than single organizations can mobilize.⁴⁴

Resources and ownership

As consequence of the distribution restriction of profits and the social goals, social entrepreneurs cannot mobilize resources from capital markets as business entrepreneurs do. Also workers are motivated by different factors than in business companies. This leads to very different ways of managing resources.⁴⁵ The inclusive management style is characteristic for social entrepreneurship. Ownership and decision-making power are distributed among members and are, beside the social mission, factors of motivation for employees.⁴⁶

⁴⁰ Zahra et al. 2008, p. 120–124.

⁴¹ Ebd, p. 124–125.

⁴² Trivedi, Stokols 2011, p. 8.

⁴³ Ebd, p.12-13.

⁴⁴ Austin et al. 2006, p. 18.

⁴⁵ Ebd, p. 3.

⁴⁶ Trivedi, Stokols 2011, p. 12.

Overview

The following table sums up the differences between the three types of organizations:

	Private for-profits	Social entrepreneurship	NPOs
Motive	To increase personal and stakeholder wealth	To mitigate social problems and to trigger and achieve social change	To mitigate social problems
Opportunity	Large or growing market size or demand	Social needs and market failure	Existing or unmet market needs and social problems
Primary Goal	To identify and address unfulfilled market needs and wants	To address long-standing unsolved social problems	To address social problems (may or may not be long standing and unsolved)
Secondary Goal	Can be a lot of things like customer satisfaction, brand image, and also social value through CSR	Economic sustainability and sustainable positive social change	Economic sustainability and may or may not aim for sustainable social change
Ownership	Individualistic (single) ownership or ownership controlled by a small number of employees, entrepreneur and employees are not guided by a common vision	Collective, Entrepreneur, employees and customers are guided by common vision	Large NPOs: restricted ownership Small NPOs: collective style
Working process, internal collaboration	Inclusiveness in form of vertical and horizontal collaboration and integration in the supply chain for efficiency and effectiveness gains	Participative working style, involvement of employees and target population in decision-making processes	Collaboration within the organization is high
Collaboration beyond the organizational boundaries	Competition prevails, rigid boundaries	Porous boundaries: social value creation together with actors from outside, collaboration instead of competition	Rigid/Porous: differs on circumstances and type of service provided

Figure 2-2: Social entrepreneurship opposed to private for-profits and NPOs⁴⁷

⁴⁷ adapted from Trivedi, Stokols 2011.

Zahra et al. (2009) similarly define what is outside the concept of social entrepreneurship:

- Organizations that pursue only profit maximization,
- for-profit organizations with some philanthropic or social engagement, and
- not-for-profit organizations, social service organizations or NGOs that do not consider economic implications of their operations.⁴⁸

Closing the section of differences between social entrepreneurship and others, social activist movement and social service ventures have to be mentioned. Since social entrepreneurship occurs in established as well as in newly created organizations, this distinguishes social entrepreneurship from loosely structured initiatives like social activist movements.⁴⁹ Social activists may have similar motivations but distinguish from social entrepreneurs through the strategic orientation of their activities: social activists rather influence others like governments, NGOs or consumers, but do not take direct action. Some scholars also differentiate between social entrepreneurship and social service provision. After Martin and Osberg, 2007, for example, social service ventures, like the establishment of a school for children in Africa that is combating the unfortunate stable equilibrium of AIDS orphans, is certainly helping them to get educated and transform their lives. However, the local help is to be distinguished from social entrepreneurship, which seeks a superior equilibrium that is in this case a robust network of schools.⁵⁰ This characteristic of reaching beyond the initial setting is also a requirement for membership in the *Schwab Foundation* and in *Ashoka*, which are introduced in the next section.

2.1.3 Practical approach

There are organizations like the *Schwab Foundation*, the *Ashoka* network and the *Skoll Foundation*, which outstandingly support social entrepreneurial organizations. Activities, goals and selection criteria for membership of the *Schwab Foundation* and *Ashoka* are shortly presented in the following, which gives insight in the practical understanding of social entrepreneurship.

In 1998, the *Schwab Foundation* was set up by Klaus Schwab, who is also the founder of the World Economic Forum. The Foundation supports its selected members financially and offers a platform for knowledge exchange and community building; it fosters debates on future relevant topics and highlights outstanding achievements of social entrepreneurs.⁵¹

The *Schwab Foundation's* understanding of leading, successful social entrepreneurs is expressed by the following selection criteria for membership. These go beyond the scientific definition.

Selection criteria:

- Transformative social change: Through innovative and practical approaches the social enterprise transforms society and benefits society at large scale. Innovation takes place in form of a new product/service, new production or distribution method, new labor supply, a reformulation of an existing product for an underserved population, and/or new organizational structures or models.
- Organizational sustainability: After an operation period of at least three years, organizations can apply for candidate and have to prove financial and business sustainability.

⁴⁸ Zahra et al. 2009, p. 521.

⁴⁹ Mair, Marti 2006, p. 37.

⁵⁰ Martin, Osberg (2007), p. 36-38.

⁵¹ Schwab Foundation, Activities, 28.10.2012.

- Proven social and/or environmental impact: Although social impact is very difficult to measure, Schwab Foundation requires the use of an evaluation system from candidates that gives information and helps to improve the SE's activities.
- Reach and scope: The initiative has to go beyond its initial location and must be successfully implemented at other settings.
- Scalability: The business should be replicable, so that solutions can be adapted to other regions of the world.
- The candidate as ambassador: Besides an evaluation of organization also the leading person is inspected. He or she represents the organization in meetings of social entrepreneurs and shows the will for collaboration.⁵²

Member organizations of the *Schwab Foundation* are classified according to their organizational models⁵³, which indicate that there are not-for-profit as well as for-profit initiatives (with a distribution constraint of profits):

- Leveraged non-profit ventures: A non-profit model is chosen for the social entrepreneur's activities. The entrepreneur works together with other parts of society including private and public organizations to foster his/her activities through a multiplier effect. This model depends on funding. 58 members globally are following this model. One example is *wellcome*, which was founded by Rose Volz-Schmidt and provides help for mothers in Germany.⁵⁴
This category is comparable to Peredo and McLean's (2005) first group of organization with exclusively social goals and no commercial exchange.
- Hybrid non-profit ventures: It is a non-profit organization but covers its costs partly through the sale of goods and services. The rest is provided by private or public funds. Customers are private and public institutions, as well as the target group. Often more legal entities are founded to accommodate earnings and charitable expenditures in an optimal structure. 128 members are counted in this category. An example which was also among the winners of "Social Entrepreneur of the Year"- award in 2011 and impacts Europe with its work is *streetfootballworld* by Juergen Griesbeck.⁵⁵ These organizations are comparable to the second type in Peredo and McLean's model.
- Social business venture: This model is a for-profit organization, however, social goals are central and profits are used to grow the venture. There are 64 members in this category, one example is *iq consult* founded by Norbert Kunz in 1994, helping people on the labor market.⁵⁶
This category can also be counted to the second group from Peredo and McLean's model including organizations with exclusively social goals, some commercial exchange and no profit distribution to owners or shareholders.

The second highly influencing organization in the field is *Ashoka*. It is a network that supports social entrepreneurs with their start-ups, promotes collaboration and fosters the infrastructure.⁵⁷ It was founded in 1980 by Bill Drayton in Washington, DC. In Austria it active since January 2011. *Ashoka* started its work in Germany and France, as examples for other European countries

⁵² Schwab Foundation, Selection Criteria, 28.10.2012.

⁵³ Schwab Foundation, Organizational Models, 28.10.2012.

⁵⁴ Schwab Foundation, Example of Leveraged Non-Profit Model, 28.10.2012.

⁵⁵ Schwab Foundation, Example of Hybrid Non-Profit Model, 28.10.2012.

⁵⁶ Schwab Foundation, Example of Social Business, 28.10.2012.

⁵⁷ Ashoka, Approach, 27.10.2012.

also only recently, which was in 2003⁵⁸ and 2006⁵⁹ respectively. In 2011 the network counted 2629 member organizations worldwide.

Ashoka has as well clear selection criteria for candidacy:

- A new idea: A new solution or approach to a social problem that has the potential to change a field sustainably is required.
- Social impact: An idea must include a broader strategy to reform the sector or system it is in, like the foundation of a school should have impact on the whole education system. Secondly, the impact has to go beyond the initial geographical establishment and affect the whole nation or a broader region.
- Creativity: Social entrepreneurs must show creativity in their ideas and the appliance of their ideas. The social entrepreneur must be a visionary.
- Entrepreneurial quality: Social entrepreneurs have to be leaders that recognize opportunities for change and innovation and are passionate to realize their vision, while able to adapt and learn constantly.
- Ethical fiber: The critical characteristic of ethics is trust. The social entrepreneur must be trusted when spreading his activities, thus this is tested during the selection process.⁶⁰

Despite these criteria an *Ashoka* representative from Germany mitigates the importance of definitions. He makes clear that a lot of people are needed, regardless if they are defined as social entrepreneurs or otherwise, who innovate, find appropriate financing models and apply their ideas to the field. *Ashoka* is aware of and acknowledges other social entrepreneurs beyond those who are *Ashoka-Fellows*.⁶¹

In the following I will shortly present two social entrepreneurs as examples of the *Ashoka* network that have succeeded very well in Germany and are planning to expand their business to Austria⁶², and the first two Austrian *Ashoka-Fellows*.

Germany:

Christian Vieth, *hofgründer.de*: The initial idea stems from the realization that only for one third of farms in Germany their continuation is secured. In two-thirds of the cases, the farmers' children do not want to take it over and farms stay before a close down. On the other hand, there are a lot of young people from agricultural schools who want to create their own farm. The founder of *hofgründer.de* brings these people together, serves as connection platform and provides all information that is needed to successfully transfer a farm.⁶³

Frank Hoffmann, *discovering hands®*: The organization trains blind women to become a medical examiner for the early detection of breast cancer. Due to their visual impairment the sense of touch of blind people is intensified. Breast cancer is the most occurring kind of cancer and still a frequent cause of death. In Germany about 60.000 women get the disease yearly. Frank Hoffmann, a medical doctor, invented this concept as he realized that available methods today are not optimal. *discovering hands®* has

⁵⁸ Ashoka Germany, General Information, 22.07.2013.

⁵⁹ Ashoka France, General Information, 22.07.2013.

⁶⁰ Ashoka, Annual Report 2011, p. 11-12.

⁶¹ Oldenburg 2009, p. 197.

⁶² Eco and Social Entrepreneurship Day 2012, Own notes.

⁶³ Ashoka Fellow, Hofgründer, 15.12.2012.

developed a standardized and quality assured examination concept which is trained to blind women. Today there are 15 medical practices throughout Germany taking part and 12 women are working as examiners.⁶⁴

Austria:

Gerald Koller, *risflecting*: The goal of the organization is to give the society ways of managing experiences with inebriation and risk in a healthy way. In our society there are appeals to reason and stability on the one hand, and on the other hand, politics, advertisements and social and leisure events use means of extreme excitement, pleasure and risky adventure. People, particularly the youth, are left alone with this state of ambiguity, which often leads to one's exposure to unreflected states of risk, like drug use. *Risflecting* wants to make people speak about their natural needs for risk and adventure, reflect critically on experiences of risk- and inebriation and use these experiences to shape one's life in a balanced and healthy way. The team of Gerald Koller consists of 60 professionals in the field of pedagogics, coaching and social work and is operating in the German speaking countries.⁶⁵

Johannes Lindner, *initiative for teaching entrepreneurship*: The teacher's incentive behind starting this organization is a transformation of Austrian's education system towards more discovering and taking initiatives among the students. Students need to early explore their entrepreneurial skills and to be challenged in working with others and acquiring practice in order to create active citizens. Johannes Lindner is a pioneer in entrepreneurship education and his approach teaches social entrepreneurship to two thirds of all Austrian young people.⁶⁶

2.1.4 Summary

Since social entrepreneurship is an umbrella term that encompasses a variety of organizational innovations directed towards social needs and environmental challenges⁶⁷, researchers still struggle to find a common agreed definition (e.g. Huybrechts and Nicholls, 2012).

Integrating 20 concepts of social entrepreneurship, including those by Dees (1998), by Peredo and McLean (2005) and by Mair and Marti (2006), Zahra et al. (2009) come up with the following definition:

"Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner."⁶⁸

This definition contains three central features, which were also collected in a recent contribution by Huybrechts and Nicholls (2012), who worked on common characteristics in social entrepreneurship definitions. These features are:

- (1) sociality: a focus on social or environmental outcomes,
- (2) innovation: the use of innovation in different ways, and
- (3) market-orientation: market-oriented actions that achieve via collaboration a set-up of their models in other places.⁶⁹

The section of practical approaches to the field of social entrepreneurship shows that selection criteria are, and may have to be, stricter for practical use than in a scholarly definition. *Ashoka*

⁶⁴ Ashoka Fellow, Discovering Hands, 15.12.2012.

⁶⁵ Ashoka Austria Fellow, Risflecting, 15.12.2012.

⁶⁶ Ashoka Austria Fellow, IFTE, 15.12.2012.

⁶⁷ Seelos et al. 2010, p. 1.

⁶⁸ Zahra et al. 2009, p. 522.

⁶⁹ Huybrechts, Nicholls 2012, p. 3.

and the *Schwab Foundation* are aware of the fact that there are social entrepreneurs beyond their network or community.

Comparing the practical and the scientific approach common characteristics are: the social goals or the social impact and the entrepreneurial management style containing creativity and innovative solutions.

What is partly reflected in some scientific definitions (like Martin and Osberg, 2007) are the practical requirements of reach and system transformation. The aspect of scalability by the *Schwab Foundation* is related to the reach of the social activities: do social entrepreneurs act at a local level or do they spread their activities, make services available to a broader community and set them up in other countries? Huybrechts and Nicholls (2012) include the “scaling up ...[of] initiatives in other contexts”⁷⁰ into their understanding, Zahra et al. (2008) explain that the scope and spreading depends on the entrepreneurs’ preferences, abilities to coordinate across regions, their perceptions of risks and available resources⁷¹, and Mair (2010) emphasizes that social entrepreneurship is a context specific phenomenon depending on the local social, economic and political conditions⁷². These arguments indicate a possibility for further research. Also not a key aspect in current scientific definitions is the social entrepreneur as collaborator, yet mentioned by Trivedi and Stokols (2011).

Although the practical criterion of sustainability is not explicitly mentioned in the scientific discourse of the field, it is inherent in the hybrid character of social entrepreneurial organizations pursuing social and economic goals. Prove of this is the often mentioned double or triple bottom line (e.g. Emerson, 2006, Thompson, 2008, Zahra et al., 2009), indicating the three pillars of sustainability, which is an economic, social and ecological orientation (f.ex. as defined by the European Commission in its Communication on the European Union Strategy for Sustainable Development, 2001). Personal characteristics of the entrepreneur have not been focused in this thesis, therefore this area cannot be compared.

There are clear similarities between practice and research in the understanding of business models. Both regard for-profit organizations, hybrids as well as not-for-profit organizations as social entrepreneurial organizations if other characteristics are fulfilled.

⁷⁰ Huybrechts, Nicholls 2012, p. 3.

⁷¹ Zahra et al. 2008, p. 126–127.

⁷² Mair 2010, p. 5.

2.2 Social enterprise

A second widely used term in the field is “social enterprise”. This chapter is going to work out its relationship to social entrepreneurship, the characteristics of social enterprises defined by the European research network EMES (“EMergence des Entreprises Sociales en Europe”), and the definition by Social Enterprise London.

2.2.1 The same or different from social entrepreneurship?

Researchers from different geographical origins use the terms social entrepreneurship and social enterprise differently.⁷³ A main influence for this is the fact that until 2004-2005 the development of literature happened parallel in North America and Europe (See section 3.1 for details on the different historical developments.). Only then researchers started to exchange their knowledge and debate in international networks.⁷⁴ Here an overview on papers dealing with a comparison of the concepts will be given. Since most contributions come from US-American and Western European researchers, this overview is limited to their standpoints.

A lot of US-researchers in the field use the term social enterprise in a way to address the organizations that social entrepreneurs found (e.g. Dees, 1998; Peredo and McLean, 2005; Austin, Stevenson, Wei-Skillern, 2006; Trivedi and Stokols, 2011). Thus the terms social enterprise and social entrepreneurship are used more or less interchangeably.

The US-researcher Kerlin (2006) explains that social enterprise in academia is understood as a concept for organizations that fall along a continuum of for-profits with some social engagement to hybrids to non-profits with commercial activities. This description is the same as the social entrepreneurship definition worked out above; however, the author does not explicitly differentiate for social entrepreneurship. The practical US-understanding sees social enterprises as any type of non-profit organization that is involved in earned income generation. While the European definition includes co-operatives as a type of social enterprises, the worker co-operatives in the US are not considered as social enterprises.⁷⁵

European researchers from the EMES network constructed an ideal type of social enterprise and claim that nowadays social enterprises can clearly be distinguished from the concepts of social entrepreneurship and social entrepreneur. The characteristics (see section 2.2.2) are basically narrower than the understanding of social entrepreneurship. European researchers stress that the term social entrepreneur has especially been used by American foundations and organizations like *Ashoka* since the mid-1990s. It denominates individuals with social missions that show characteristics like innovation, dynamism and personal dedication. In Europe, on the contrary, traditions focus on collective ways of meeting social needs.⁷⁶ Social enterprises in Europe are further concentrated on an explicit aim to benefit the community, are initiated by a group of citizens and capital distribution to investors is limited. They work independently and take over economic risk that comes from their socio-economic activities.⁷⁷

Social enterprises were first conceptualized in Europe, in Italy in 1991. A few years later the concept emerged in the United States. During the last decade other European nations caught up in passing laws to promote social enterprises. In Europe, social enterprises are mainly seen as part of the third sector, at the crossroads of market, public policies and civil society (see also chapter 3.1), while, following European researchers, US-research tends to use the term addressing non-profit organizations doing some market-oriented activities.⁷⁸ This goes along

⁷³ Galera, Borzaga 2009, p. 210.

⁷⁴ Defourny, Nyssens 2009, p. 1.

⁷⁵ Kerlin 2006, p. 250–251.

⁷⁶ Defourny, Nyssens 2008, p. 4–5.

⁷⁷ Nyssens 2006b, p. 313.

⁷⁸ Defourny, Nyssens 2008, p. 4–5.

with the practical understanding after Kerlin. Nyssens (2006) adds that in the US the concept of social enterprise is also “associated with the dynamics of social entrepreneurship”, and names social entrepreneurship a way that businesses use to emphasize the social impact of their production activities.⁷⁹

The view of the UK is investigated separately. The UK, which has developed its study on social entrepreneurship more similar to the US⁸⁰, supports in this context a clear distinction between the two concepts. For Thompson (2008) social enterprises are providing services that the state has subcontracted. They work efficiently and effectively, have a clear orientation and achieve a substantial contribution to the generation of social value. Compared to other community-based initiatives, which often consist of volunteers, social enterprises provide a business solution to social problems. The defining difference to social entrepreneurs is that social enterprises are not innovatory the way social entrepreneurs are.⁸¹ He takes a rather practical approach, only minimally reviewing on existing definitions, but giving diverse examples of organizations and drawing on the definition of the UK department of trade and industry (DTI). This definition, established in 2002, says that a social enterprise is “a business with primarily social objectives whose surpluses are principally reinvested for that (social) purpose in the business and the community”.⁸²

Entrepreneurship, on the other hand, is marked by innovative behavior, creativity in the use of resources and the dealing with opportunities. It is striving to find fresh challenges and move on. Thompson (2008) points out that entrepreneurship can take place within or outside a social enterprise.⁸³

In similar manners researchers of the EMES network acknowledge the importance of leadership and charismatic key persons, even though the network generally uses to stress collective dynamics.⁸⁴ Some leaders of social enterprises show characteristics of and therefore are considered as social entrepreneurs.⁸⁵

Conclusion of the comparison

To conclude, in the United States social enterprise is not a concept that has to be differentiated from social entrepreneurship. Although the use of one term or the other depends on the focus and the context of the research, the terms are often used in the simple combination of: social enterprises do social entrepreneurship activities.⁸⁶

In the European tradition social enterprise is seen as “a (new) kind of social entrepreneurship”⁸⁷, as a “subset of social entrepreneurship activities”⁸⁸ and social entrepreneurship as the “broader, more encompassing concept”⁸⁹. While Nicholls, an English researcher, sees social enterprises as non-profit organizations located at the fully self-financed end of the social entrepreneurship continuum⁹⁰, the EMES sees social enterprises as multi-resourced organizations⁹¹. Even some

⁷⁹ Nyssens 2006b, p. 313.

⁸⁰ Huybrechts, Nicholls 2012, p. 2.

⁸¹ Thompson 2008, p. 151–152.

⁸² Ebd, p. 152.

⁸³ Ebd, p. 153.

⁸⁴ Defourny, Nyssens 2009, p. 21–23.

⁸⁵ Bucolo 2006, pp. 66–67.

⁸⁶ Huybrechts, Nicholls 2012, p. 2.

⁸⁷ Defourny 2001, p. 16.

⁸⁸ Huybrechts, Nicholls 2012, p. 1–2.

⁸⁹ Defourny, Nyssens 2009, p. 21–23.

⁹⁰ Defourny, Nyssens 2012, p. 18.

⁹¹ Nyssens 2006b, p. 318.

state subsidization for social enterprises is documented for the US, however, state support is higher in European countries.⁹²

Since the thesis is about social entrepreneurship, the scientific broader concept, the theoretical part as well as the empirical section deal with both, organizations of social entrepreneurs as well as social enterprises. The terms “social entrepreneurship” and “social entrepreneurial organization” will be used later on, when referring to both.

2.2.2 Characteristics

Defourny (2001) takes the categories of Schumpeter and analyses whether there is something original and new in the way social enterprises are constituted and operate. He argues that:

1. A new product or quality of product is provided.
New entrepreneurship addresses challenges of the age like the crisis of welfare systems in Europe. Initiatives developed autonomously while the state could not provide solutions in the fields of work integration of unskilled people and personal services, like vocational training, children facilities, services for elderly people and aid for disadvantaged persons. These innovative initiatives differentiate enormously from traditional bureaucratic organizations.
2. New methods of organization and/or production are implemented.
Often a variety of people work together, which leads to a multi-stakeholder structure. These people are paid employees, voluntary workers, users, supporting organizations and local authorities. Traditional organizations in the social economy used to be set up by more homogeneous groups. Examples are where providers of a service collaborate with users like childcare centers in France or Sweden, which are run by parents.
3. New production factors are used.
Though the use of volunteers is not innovative, they constitute a significant factor in recent initiatives because a good or service would not have been available without them. Voluntary work itself also faced innovations since it became more pragmatic and focused on productivity. Changes in paid work concern new types of employment tried out by these organizations. Moreover, employees are empowered by taking part in decision making. Also the mix of voluntary and paid workers is innovative and faces special challenges.
4. New market relations are built.
Needs that were before taken care of by either public providers (like in Scandinavian countries) or the family or neighbors (like in Italy, Spain, Portugal and Greece) are now met by market relations from this new type of entrepreneurship. This development relies on changes in family situations like female participation in the labor market and on a trend of public authorities contracting certain services out. Different service providers compete for public funding when the state gives out calls to tender. This trend creates a need for new private initiatives, which can be for-profit or non-profit. They need to have effective management structures which are adopted from commercial enterprises and have to face higher economic risks. New markets also emerge through the rise of living standards, like in the case of elderly persons which have a decent pension available.

⁹² Kerlin 2006, p. 255.

5. New forms of enterprises are established.

New legal frameworks introduced in some European states reflect the special characteristics and needs of such organizations.⁹³

Although these features describe innovational characteristics, they are more trying to differentiate between social enterprises and organizations that existed before, than including innovation as one of the key qualities of social enterprises.

The European research network EMES frames the concept of social enterprise with 4 entrepreneurial and 5 social criteria, forming an ideal type of social enterprise. The criteria do not constitute a definition of social enterprise, rather serve as orientation and were used as the basis for research projects in the EU, such as the PERSE (“The Socio-Economic Performance of Social Enterprises in the Field of Integration by Work”) in Nyssens 2006a.

Entrepreneurial indicators

A continuous activity producing goods and/or selling services:	Differentiating social enterprises from traditional non-profit organizations is their direct involvement in the production of goods or the provision of services to people on a continuous basis. The provision of goods or services is one of the main reasons for the existence of social enterprises.
A high degree of autonomy:	Social enterprises are voluntarily founded by a group of people and are governed by them. They may depend on public subsidies in addition to the provision of goods or services but they are not managed, directly or indirectly, by public authorities or other organizations.
A significant level of economic risk:	The founding group takes over totally or partly the risk of the organization. The financial viability depends on the efforts of their members and workers, which distinguishes it from most public institutions.
A minimum amount of paid work:	Different resources can be taken for running the organization, which includes non-monetary resources like voluntary workers. However, a minimum has to be performed by paid workers.

Social indicators

An explicit aim to benefit the community:	One of the main aims of social enterprises is to serve the community or a specific group of people. They strive to contribute to social responsibility at the local level.
An initiative launched by a group of citizens:	Social enterprises emerge from collective dynamics. Therefore a group of people that share the same values and goals start a social enterprise and must keep the collective dimension in some way.

⁹³ Defourny 2001, p. 11-14.

A decision-making power not based on capital ownership:	Decision-making rights are distributed equally among capital owners and other stakeholders.
A participatory nature, which involves the persons affected by the activity:	Representation and participation of customers, stakeholder orientation and a democratic management style are important characteristics of social enterprises.
Limited profit distribution:	Profit maximization is clearly not a goal of social enterprises. Organizations with a total non-distribution constraint as well as organizations like co-operatives, which distribute profit to a limited extent, are called social enterprises.

Figure 2-3: Criteria of social enterprises by EMES⁹⁴

These indicators have been used in several studies and were proved to be empirically fertile. They describe, and therefore can be used to identify, totally new social enterprises, as well as older organizations that experience change through internal dynamics.⁹⁵

In short, social enterprises are “not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity”.⁹⁶

The main difference to former existing third sector organizations and social economy organizations are the entrepreneurial spirit and dynamics.⁹⁷ Particularly they act more innovative and less bureaucratic than for example large welfare organizations.⁹⁸ Moreover, social enterprises are more oriented towards the broader community compared to traditional co-operatives and non-profit organizations⁹⁹, and tend to have a multi-stakeholder approach compared to traditional co-operatives which are single-stakeholder organizations.¹⁰⁰

In Nyssens (2006) social enterprises are conclusively named multi-goal, multi-stakeholder and multi-resource organizations.

In order to run their business social enterprises use 4 different kinds of resources coming from (1) market activities, (2) subsidiaries or tax exemptions from the state, (3) the civil society like volunteers, and (4) the socio-political embeddedness that can lead to resources from the before mentioned 3 sectors. Giving a hint for the relative importance of each resource in work integration social enterprises, the PERSE project (Nyssens, 2006) comes up with the following distribution: On average, 53 per cent of resources come from the market side, 38.5 per cent from the state and voluntary resources represent 5.5 per cent.¹⁰¹

⁹⁴ Defourny 2001, p. 17-18.

⁹⁵ Defourny, Nyssens 2012, p. 9.

⁹⁶ Defourny, Nyssens 2008, p. 5.

⁹⁷ Defourny, Nyssens 2012, p. 3.

⁹⁸ Defourny 2001, p. 12.

⁹⁹ Galera, Borzaga 2009, p. 213–214.

¹⁰⁰ Defourny, Nyssens 2008, p. 5–8.

¹⁰¹ Nyssens 2006b, p. 318.

Definition by Social Enterprise London (SEL)

Since the UK has a very highly developed scene of social enterprises (see also 3.1.2)¹⁰², the definition by SEL is sometimes used in academia (e.g. Lehner, 2011).

The following three characteristics define a social enterprise:

Enterprise orientation	“They are directly involved in producing goods or providing services to a market. They seek to be viable trading concerns making an operating surplus.”
Social goals	“They have explicit social aims such as job creation, the provision of local services, or combat of social exclusion. They are accountable to their clients and the wider community for their social, environmental and economic impact.”
Non-private profit distribution	“They use their operating surplus, or profit, to enable them to achieve their social goal. This is often reflected in a social ownership structure which protects profits from escaping elsewhere. Social ownership is common among social enterprises, but is not uniform and other approaches of profit distribution, (living wage, lower prices, reinvestment in new services), allow for goals to be met.”

Figure 2-4: Definition of social enterprise by SEL¹⁰³

In their network the organization identifies the following types of social enterprises:

- **Co-operatives** are associations of persons united to meet common economic and social needs through jointly owned enterprises.
- **Employee-owned businesses**, a form of co-operative, create or preserve jobs that help to keep businesses running and protect profits from being lost to remote shareholders
- **Social Firms** are small businesses created to provide integrated employment and training to people with disabilities and disadvantages.
- **Development Trusts** are key actors in community-based regeneration.
- **Intermediate Labour Market Companies** provide training and work experience for the long-term unemployed.
- **Social and Ethical businesses** use trade to raise money for specific commitments and are set up by charities or non-governmental organizations, or simply ethically minded individuals.
- **Community businesses** can be any of the above but with a particularly strong geographical definition and focus on local markets or services.¹⁰⁴

¹⁰² Thompson 2008, p. 151.

¹⁰³ Social Enterprise London (SEL), p. 5.

¹⁰⁴ Ebd, p. 3.

2.2.3 Emblematic field of social enterprises

Social enterprises engage in a great variety of activities. However, one of the dominant fields is work integration¹⁰⁵, intending to lower unemployment for low qualified people, disadvantaged people and people who were a longtime absent from the labor market. The so-called WISEs (work integration social enterprises) have been focused by the EMES, for example in Nyssens (2006a). Studies for Austria also heavily concentrate on WISEs.¹⁰⁶

WISEs exist in all European countries and function as important tools of active labor market policies. However, they vary to a great extent in numbers and kind. In some countries, such as Italy, there are thousands of organizations active in the field of work integration. In other countries the number of WISEs is relatively low. WISEs differ a lot in their way of operating and the fields of activities. Also the legal forms that WISEs adopt vary among the countries, which reflects to some extent to the amount of governmental support.¹⁰⁷

Other areas of activity of social enterprises beside work integration are: personal social services, urban regeneration, environmental services, and the provision of other public goods or services.¹⁰⁸

2.2.4 Summary

The definition of social enterprise in this chapter is conceptualized by the EMES network, which is particularly used in continental Europe, and by SEL, mainly used in the UK. Empirical connections have been proved in f.ex. Nyssens 2006a. The concepts give insights into two ways of categorizing and marking special characteristics of social enterprises compared to other kinds of organizations.

As worked out in 2.2.1, social enterprises are one kind of social entrepreneurial organizations. Since the thesis intends to elaborate on the broad concept, social enterprises will be treated under the heading of social entrepreneurship.

¹⁰⁵ Nyssens 2006b, p. 314.

¹⁰⁶ Anastasiadis/Mayr 2008, 2010; Austrian Institute for SME Research 2007a,b; Bundesdachverband Sozialer Unternehmen 2009; Leichsenring 2001.

¹⁰⁷ Defourny, Nyssens 2006, p. 14–16.

¹⁰⁸ Ebd, p. 13.

2.3 Social Business

The concept of social business was introduced by the Nobel Peace Prize winner of the year 2006, Muhammad Yunus. Yunus' most famous project is the *Grameen Bank*, which lends microcredits to poor people in Bangladesh. Additionally, he established joint ventures with *Danone (Grameen Danone)*, *Veolia (Grameen Veolia Water Ltd)*, *BASF (Grameen BASF)* and with Intel (*Grameen Intel*). Yunus has also built up a special healthcare program, for example the *Grameen GC Eye Care Hospital*.¹⁰⁹ Despite his own writings, there are no contributions in academic literature to the concept of social business.¹¹⁰ This is the reason why only a short overview is given here.

The concept is motivated by serving customers in the developing world. It focuses on the provision of goods or services, like water or high nutritional yogurt, to very poor people, which constitute a new market segment in developing countries.¹¹¹

From others Muhammad Yunus is often categorized as the classical social entrepreneur (f.ex. Peredo and McLean, 2005, Martin and Osberg, 2007). However, the more restrictive character of social business compared to social entrepreneurship and social enterprise has recently been acknowledged.¹¹² Yunus explains that social business is a subset of social entrepreneurship. All those who design and run social businesses are social entrepreneurs. But not all social entrepreneurs are engaged in social businesses.¹¹³

He defines 7 principles for social businesses:

1. The business objective is to overcome poverty, and/or it addresses other problems in the areas of education, health, technology access, and environment, which threaten people and society. The business goal is clearly not profit maximization.
2. The business has to be financially and economic sustainable.
3. Investors get only their invested amount back. No dividend is given beyond the investment sum.
4. After the investment amount is paid back, company profits stay within the company for expansion and improvement.
5. A social business is environmentally conscious.
6. Its workforce gets a market wage with better working conditions.
7. And it is essential the run the business with joy.¹¹⁴

In contrast to social enterprises, social businesses have a non-distribution constraint of profits. This is typical for not-for-profit organizations; however, social businesses get money solely through market activities, without any philanthropic or public founding. Compared to the concept of social entrepreneurship, Yunus does not consider mixed income models. Since social businesses founded by Yunus often consist of partnerships between the *Grameen Bank* and multinational companies like *Danone* or *Veolia*, it is possible that the empirical basis does not go beyond these examples.¹¹⁵

Yunus explicitly points at the issue of doing social and for-profit business at the same time. After him it is possible to do both. However, if goals are mixed, managers will more often decide in favor of profit. Profit thinking will always dominate over other objectives. If one

¹⁰⁹ Yunus, Organizations of Muhammad Yunus, 28.11.2012.

¹¹⁰ Huybrechts, Nicholls 2012, p. 5–6.

¹¹¹ Defourny, Nyssens 2009, p. 5.

¹¹² Huybrechts, Nicholls 2012, p. 5–6.

¹¹³ Yunus 2008, p. 35.

¹¹⁴ Yunus, Seven Principles of Social Business, 16.10.2012.

¹¹⁵ Huybrechts, Nicholls 2012, p. 5–6.

decides to achieve only a small profit, it is also possible to agree on zero profit, thus making the business a throughout social business.¹¹⁶

Muhammad Yunus winning the Nobel Prize in 2006 caused an increase in the visibility and recognition of social entrepreneurs.¹¹⁷

Since the social business literature is quite limited, the term will not be further used in this thesis but the concept can be considered as one kind of social entrepreneurial organizations.

¹¹⁶ Yunus, Type One and Two of Social Business, 16.10.2012.

¹¹⁷ Martin, Osberg 2007, p. 30.

3 Locating social entrepreneurial organizations

This chapter analyzes first the origin of social entrepreneurship as emerged out of different concepts and different geographical regions. It also examines legal forms of social entrepreneurial organizations in European countries. Subsequently, a broader picture on the positioning of social entrepreneurial organizations in the economy at large and along certain values is provided.

3.1 Historical Emergence

Social entrepreneurship has a long heritage¹¹⁸, therefore not all practices of social entrepreneurship today are new. However, they are now increasing. The field is characterized by a diversity of organizational models, industries and geographical areas. It is open and broadly defined. These could be reasons for its success.¹¹⁹

Social entrepreneurship emerged out of the third sector idea. The third sector consists of socio-economic initiatives which belong neither to the traditional private for-profit sector nor to the public sector. Third sector initiatives normally find their motivation and impetus from voluntary organizations, and often operate under a wide variety of legal structures. The reasons for the third sector to emerge were civil society's reaction to economic crisis, to the weakening of social bonds and to difficulties of the Welfare State.

Social entrepreneurial organizations are new entities which may be regarded as a sub-division of the third sector, but they also set out a process, a new (social) enterprise spirit which takes up and re-fashions older experiences. In this sense they reflect a trend, a groundswell involving the whole of the third sector.¹²⁰

Throughout the 20th century different forms of organizations that followed a cooperative principle developed all over the world. Also scientific literature to third sector organizations emerged. However, the idea of a distinct third sector really began in the mid-1970s. A lot of initiatives were taking place beforehand, but at this point of time initiatives were brought together and a theoretical basis was beginning to emerge. A decisive step in academia on non-profit organizations was made with the Program on Non-Profit Organizations at Yale University in 1976 involving 150 researchers.

On the international level, two theoretical approaches to the third sector, which spread in the late 20th century, can be distinguished. One approach is the "non-profit sector" concept. It grasps the US situation and has an advantage in simplicity. The second is the concept of the "social economy" which brings together co-operatives, mutual societies and associations, and with increasing frequency foundations are also included. This approach is typical for Europe and has been taken up by the European Union's institutions.¹²¹

3.1.1 USA

In the US, non-profit organizations that increasingly used business activities for creating jobs for disadvantaged people were first called social enterprises in the 1970s. Social enterprises expanded in the 1980s as a reaction to tremendous cutbacks in funding by the US governments, who had to face an economic downturn. Commercial activities became indispensable for non-profit organizations. Along with this expansion social enterprise were more and more used to

¹¹⁸ Mair, Marti 2006, p. 36.

¹¹⁹ Defourny, Nyssens 2012, p. 20.

¹²⁰ Defourny 2001, p. 1–2.

¹²¹ Ebd, p. 3–4.

address any kind of commercial activity done for social goals. During the last decades social enterprises continued to increase in the US. Statistics from a 20 year period showed that income from business activities always accounted the highest part and also grew substantially. In 1982, nonprofits had 48.1% of commercial income and 19.9% of private, while in 2002, commercial income rose to 57.6% and private contributions only accounted for 22.2%. Government support grew from 17.0% to 17.2%.¹²²

Non-profit organizations with commercial activities can be classified under the “earned income” school of thought. For-profit enterprises working with a social mission (such as included into the definition of SE by Austin et al. 2006) are also included into this view, however, under a broader perspective.

Beside the “earned income” there is a second major school of thought in the US, which is the “social innovation”. This approach concentrates on the social entrepreneur who does pioneer work in his field. The social entrepreneur is a “change maker” answering to social problems with innovations. Their work does not only impact on the local setting but on the broader system. This view is in academia promoted by e.g. Dees (1998) and in practical terms by *Ashoka*.¹²³

The founder of *Ashoka*, Bill Drayton, draws attention to the transformation organizations addressing social needs have undergone. He has documented the visible change of civil society organization, what he refers to as “the citizen sector”, since the 1980s. At that time the productivity gap between the social and the business sector became too large causing social needs to stay unmet. Citizen organizations were in charge of getting more entrepreneurial and competitive. This has been achieved and resulted in a new citizen sector. After Drayton, the citizen sector is the most hopeful force nowadays. What is now needed is to establish sustainable cooperation with the business sector to secure future developments of society.¹²⁴

3.1.2 Europe

In Europe, great socio-political, cultural and economic differences between nations have not made such a rapid development of the third sector possible. Third sector entities started to emerge in Europe as a result of persistent structural unemployment in many countries, the need to reduce State budget deficits and to keep them at low level, the difficulties of traditional social policies and the need for more active integration policies.¹²⁵

Social enterprises took roots in three traditional organizational forms of the social economy which existed for a long time beforehand:

- Mutual organizations: They follow a principle of mutual aid. Mutual organizations are based on non-market services which are only provided to members and their families. Mutuels are financed by dues of members, and surplus is never distributed to members. Surplus serves as a reserve fund, or to lower dues or to increase benefits.¹²⁶ In industrialized countries mutual societies became a major player in the social security system. In others, they work for the need of a local community and mutualize risks like treatment costs

¹²² Kerlin 2006, p. 251–252.

¹²³ Defourny, Nyssens 2012, p. 6.

¹²⁴ Drayton 2006, p. 50–55; and Drayton, Budinich 2010, p. 1.

¹²⁵ Defourny 2001, p. 3–4.

¹²⁶ Defourny, Develtere 1999, p. 15.

in case of illness, or funeral costs in case of death and material support for each other.¹²⁷

- Co-operatives: Co-operatives exist in various fields like agriculture, savings, credit, consumer, insurance, marketing, worker, housing, social and others. They provide goods and services to members and, under certain conditions, to the community at large over market activities. They are financed by subscriptions to capital shares and/or contributions made at regular intervals. Surplus is partially distributed to members, it can also serve as a reserve fund to improve the offered services or the further develop the organization.
- Associations: This category encompasses all other forms of undertakings that produce goods or provide services without the goal of profit making, including non-profit organizations, voluntary organizations and non-governmental organizations. Associations provide services to members and/or to the wider community, which can be based on market activity or not. They are financed by dues and/or donations. Surplus is not distributed but has to be reinvested in a socially useful way.¹²⁸

In addition to this institutional description, the organizations of the social economy are based on essential ethical principles. These can be summed up by the following four points:

- The primary objective is serving members or the community, rather than generating profit.
- They have an independent management.
- They execute a democratic decision making process.
- People and labor have primacy over capital in the distribution of income.¹²⁹

Defourny (2001) argues that social enterprises emerged as a mixture of co-operatives and non-profit organizations. But this should not be regarded as a static combination of the two types, because only some social enterprises are simultaneously real co-operatives and real non-profit organizations. A new type of organization, social enterprises, came into being, but also triggered a transformation of existing organization in the third sector.¹³⁰ Particularly because it identifies entrepreneurial dynamics in the third sector, within the different social and economic conditions of the European states.¹³¹ The characteristics that define the new kind of entrepreneurship compared to the social economy and the non-profit approach have been part of the chapter on social enterprise definition (chapter 2.2).

A report of the international research center CIRIEC/IFIG for the European Economic and Welfare Committee sees public associations and co-operatives at the historical origin of the European social economy. Today it encompasses also mutual organizations, welfare unions and foundations. They are active in all economic branches, particularly in agriculture, financial intermediation, retail, housing and worker cooperatives in industry, the construction branch and the service sector.

The social economy has a wide range measured by employment, members, volunteers and its contribution to the GDP. In addition, it has proven its ability to effectively solve new social problems and contribute to a stable and sustainable economic growth. This is achieved by

¹²⁷ Defourny 2001, p. 6.

¹²⁸ Defourny, Develtere 1999, p. 15.

¹²⁹ Defourny 2001, p. 7.

¹³⁰ Ebd, p. 23.

¹³¹ Defourny, Nyssens 2012, p. 3.

corrections of failures of the labor market, by democratic economic action, by engagement for fair income distributions and services created for demand.¹³²

One reason for the invisibility of social economy organizations is the fact that they are not counted as autonomous institutional part in macroeconomic accounting.¹³³

Its definition is coherent to Defourny's criteria of social economy organizations (as presented in 2.2).

Development of legal forms for social enterprises in Western Europe

In late 1980s new initiatives similar to co-operatives started to emerge in Italy. One year after it was promoted by a journal, Italy was the first country to introduce a legal status for social enterprises in 1991, the "social solidarity co-operatives" – which were subsequently renamed "social co-operatives". Due to reasons of high unemployment, especially the field of work integration was focused. These social enterprises were named "A-type social cooperatives". But also a lot was done in the field of social, health and educational services, as consequence of an aging population and changes in family structures. These were called "B-type social cooperatives". As other third sector organizations started to use entrepreneurial methods, a broader law was passed in 2005, which enables more organizations to get the status of a social enterprise. Prerequisites for the status are that the organization complies with the non-distribution constraint of profits and consider the interests of certain stakeholders, like workers and beneficiaries, in its decision-making.

After 1991, other European countries showed interest in organizations with entrepreneurial and non-profit ways to meet social goals. In France, Portugal, Spain and Greece, these new legal forms resemble the co-operative type of organization. In Portugal social enterprises were called "social solidarity co-operative", with a law passed in 1997. Spain labels them "social initiative co-operative" and introduced the status in 1999. In the same year, Greece adopted the status of "limited liability social co-operative" for social enterprises. The French refer to such organizations as "collective interest co-operative society" since 2002. In Belgium, social enterprises are slightly differently defined. The status of a "social purpose company" was introduced in 1996.

In 2002, more than one decade after Italy's first moves, the UK government defined social enterprises. As a next step, the legal status of "Community Interest Company" was approved by the British Parliament in 2004. Both in Italy and in UK, social enterprises belong to the third sector. A social objective and a limited distribution of profits are key characteristics of social enterprises in the UK and in Italy. In both countries, social enterprises are active in a wide variety of fields. There are also differences between the Italian and the British model: the Italian has a governance model with requirements to involve various stakeholders, while the British focuses on the business character of social enterprise, where a significant part of total income must be derived from market activities.¹³⁴ In 2007, there were about 55,000 social enterprises in the UK making some £27 billion turnover, as analyzed by the Social Enterprise Coalition. They gained popularity because of intense governmental support.¹³⁵

In other European countries, social enterprises are neither a part of political discourse nor reflected in academia, besides a small circle of experts. This is for example the case in Germany. It is argued that the reason for that comes from Germany's model of cooperation between the

¹³² CIRIEC/IFIG 2008, p. 205–206.

¹³³ Ebd, p. 207.

¹³⁴ Defourny, Nyssens 2008, p. 5–8.

¹³⁵ Thompson 2008, p. 151.

state and the market, which is based on a social partnership agreement. In such a model it is more difficult to identify the role and the benefit of social enterprises. Not-for-profit organizations with entrepreneurial activities dedicated to social needs are not perceived as a distinct group.¹³⁶ Also in Austria there is, apart from sheltered workshops, no legal status for social enterprises.¹³⁷ It is likely that Austria faces the same conditions as Germany, with the exception for its EU entry (in 1995), giving Germany as founding nation much earlier an open perspective on developments of the social economy in other countries.¹³⁸

3.1.3 Austria

Today's Austrian welfare mix is based on various actors in the country taking over responsibility for social security provision and engaging for social cohesion. It has basically emerged on three influences:

1. The Catholic church and its social welfare mission
2. The welfare organizations that were close to the socialist (which is nowadays the social democratic) movement: They preferred consumer support instead of producer co-operatives.
3. A corporatist approach that has been chosen for state regulation, which is called the social partnership ("Sozialpartnerschaft")¹³⁹: This system reduces tensions between work and capital by means of mutual consultation, collective bargaining and political exchange between unions, employers' organizations and the State.¹⁴⁰ The major economic and social interest groups co-operate on a voluntary arrangement that is not regulated by law. Social partners are the Federal Economic Chamber ("Wirtschaftskammer Österreich", WKÖ), the Trade Union Federation ("Österreichischer Gewerkschaftsbund", ÖGB), the Federal Chamber of Labor ("Bundesarbeitskammer", BAK) and the Chamber of Agriculture ("Landwirtschaftskammer", LK). The social partners are intensively integrated into Austria's political system: they give recommendation for laws and evaluate them, have influence on labor market policy, on competition matters and funding programs. Also Austrian social partners have representatives in the social insurance institutions and have responsibilities of problem solving in their special areas of expertise.¹⁴¹

During the 1970s, when other countries suffered under the economic crisis, companies in Austria were heavily subsidized by the State, therefore the country was able to keep low unemployment rates. This gave Austria the name 'island of the blessed'. However, the good times passed and since the mid-1980s unemployment and the social problems it entails increased.

In the beginning of the 1980s, the Austrian Ministry of Labor and Social Affairs started the so-called experimental labor market policy, which aimed at integrating long-term unemployed people into the labor market. In course of this policy, several subsidies were released and a program to create 8,000 jobs was started. The program, which was called "Aktion 8,000", allowed public and non-profit organization to create jobs in the areas of social services, and cultural and environmental activities by providing up to two-thirds of labor costs. Since 1984,

¹³⁶ Defourny, Nyssens 2008, p. 5–8.

¹³⁷ Austrian Institute for SME Research 2007, p. 2.

¹³⁸ Interview Weidel: 69–79.

¹³⁹ Leichsenring 2001, p. 31–32.

¹⁴⁰ Ebd, p. 45.

¹⁴¹ Social partners, Mission, p. 1–3.

50,000 long-term unemployed people benefitted from this program.¹⁴² First Work Integration Social Enterprises (WISEs) emerged in Austria around the year 1985.¹⁴³

In 1996, the “Aktion 8,000” was renamed into Public Integration Allowance (Gemeinnützige Eingliederungshilfe, GEB). The Labor Market Administration was partly privatized in 1994. Now it is called the Labor Market or Employment Service (*Arbeitsmarktservice, AMS*).¹⁴⁴

Social economy as NPOs financed by public means

There are so-called social welfare organizations in Austria, which have a long history. These are 4 organizations which are either associated to political parties (*Volkshilfe, Hilfswerk*) or to the churches (*Caritas, Diakonie*). The *Diakonie* was founded in the 1870s, the *Caritas* exists since the 1900s, and the others emerged after the Second World War. The organizations offer social services in all fields. They receive subsidies from regional governments and co-finance new kinds of services through the Aktion 8,000/the GEB offered by the AMS. Smaller initiatives and new associations have also been given the chance to develop innovative services by means of the GEB. Examples for such initiatives can be found for instance in the area of day-care for children.¹⁴⁵

Austria’s social economy is marked by an autonomous operation of both, regional departments of large social welfare organizations as well as small local organizations. They act relatively independently of each other. Another realization of this local self-administration phenomenon is the high amount of self-help groups.

Social organizations in Austria are often under the influence of political parties or the church. This interconnection is a major reason for the development of NPOs providing social services and the needed financial means coming from the State. The result of this historical development is a financial dependency of social-economy-organizations on the State. The relationship ranges from an equal partnership to unequal distribution of power, where NPOs are treated as decentralized service providers for the State. During the time of the cited article was written, only young and relatively small NPOs have distanced themselves from any influence.¹⁴⁶

This is seen similarly today by the managing director of *The World of NGOs*, who divides the field of non-profit organizations in Austria into three parts: NPOs in opposition of the State (like *Amnesty International* or *Greenpeace*), NPOs as social service providers on behalf of the State, and a third group of younger associations who insist on a relationship to the State based on partnership when working together in single projects.¹⁴⁷

This thesis focusses on NPOs that provide social services with entrepreneurial means (as defined in 6.2.2) regardless whether they are in close cooperation with or distanced from the State.

Legal forms of organizations

Social services providing organizations and NPOs in general are usually regulated on the basis of the Association Act (“*Vereinsgesetz*”). It defines registration procedures, tax exemptions and rules.¹⁴⁸ The status of an association is the legal form most often chosen for non-profit

¹⁴² Leichsenring 2001, p. 31–32.

¹⁴³ Anastasiadis, Mayr 2008, p. 8–9.

¹⁴⁴ Leichsenring 2001, p. 31–32.

¹⁴⁵ Ebd, p. 32–35.

¹⁴⁶ Heitzmann, 2004, p. 60–51.

¹⁴⁷ Interview Weidel: 19–65.

¹⁴⁸ Leichsenring 2001, p. 36–37.

organizations. In the year 2010, there were 116,558 associations registered in Austria. During the last 50 years this number has nearly tripled.¹⁴⁹

Foundations are in international discussions treated as organizations of civil society, therefore contribute to society's well-being. However, Austria's foundations only show a relatively little engagement for the society. Out of 3141 private foundations in Austria, 210 have clear charitable purposes. In addition, there are 246 foundations of provinces and 223 federal foundations. These amount to 669 foundations or 20% with primary charitable purposes. In Germany this figure lies at 95%.¹⁵⁰

Beside the legal status of associations, some organizations take the form of private limited liability company ("Gesellschaft mit beschränkter Haftung"), which makes the board of the association liable for financial risks. Initiatives with the status of registered societies ("Gesellschaft Bürgerlichen Rechts") or co-operatives ("Genossenschaft") can also be perceived.¹⁵¹ However, the number of NPOs with these legal forms cannot fully be captured because they need to have a reference to public benefit in their names, which is often not defined. Data on co-operatives say that in 2010, 1,817 co-operatives existed but only 95 were denoted as in public interest.¹⁵²

¹⁴⁹ Simsa, Schober 2012, p. 4.

¹⁵⁰ Schneider et al. 2010, p. 3, 10.

¹⁵¹ Leichsenring 2001, p. 36-37.

¹⁵² Simsa, Schober 2012, p. 4.

3.2 Positioning

In order to understand social entrepreneurs' perspectives deriving from their circumstances and surroundings, it is essential to get an impression on their positioning between sectors and their values.

3.2.1 Positioning between sectors

Although most of social entrepreneurial organizations are founded as non-profit organizations and therefore counted as third sector organizations, Austin (2006) speaks of an occurrence “within or across the nonprofit, business, or government sectors”¹⁵³ and recent works on social innovation emphasize blurred frontiers because opportunities for social entrepreneurial organization also exist in the private and the public sphere.¹⁵⁴

The phrasing of the head of *Ashoka Germany* on this aspect puts the positioning of social entrepreneurial organizations between sectors into a special light: “Um Social Entrepreneurs besser zu verstehen, müssen wir uns einen Markt für gesellschaftliche Problemlösungen vorstellen, auf dem staatliche, unternehmerische und sozialunternehmerische AkteurInnen mit verschwimmenden Grenzlinien miteinander um die geeignete Problemlösung konkurrieren.”¹⁵⁵

The European view locates the third sector, “at the crossroads of markets, public policies and civil society”¹⁵⁶. Their different logics and the positioning of social entrepreneurial organizations among them is elaborated in the following.

Defourny and Nyssens (2012) building on previous work from different authors take three actors, the state, the private for-profit companies and the civil society or “community” to form a picture of the economy at large. Each of these actors follows a certain principle. The private for-profit companies act according to the market principle, which is the matching of supply and demand through price setting in order to pursue trade. The state is the authority which receives a part of the production income and distributes it to its people. This is called the redistribution principle. The third actor, the community, follows the reciprocity principle. The social bond among the people in the community guarantees a care for each other. People are voluntarily interdependent. A special unit in the community is the household or the family.¹⁵⁷

The following figure captures the three actors and their principles. Additional information is given by the division of the field into for-profit and not-for profit organizations, into private and public, and into informal and formal organizations. Social entrepreneurial organizations are located in the middle, as part of the third sector (yellow zone):

¹⁵³ Austin et al. 2006, p. 2.

¹⁵⁴ Defourny, Nyssens 2012, p. 6.

¹⁵⁵ Oldenburg 2009, p. 198.

¹⁵⁶ Defourny, Nyssens 2008, pp. 4–5.

¹⁵⁷ Defourny, Nyssens 2012, p. 10–11.

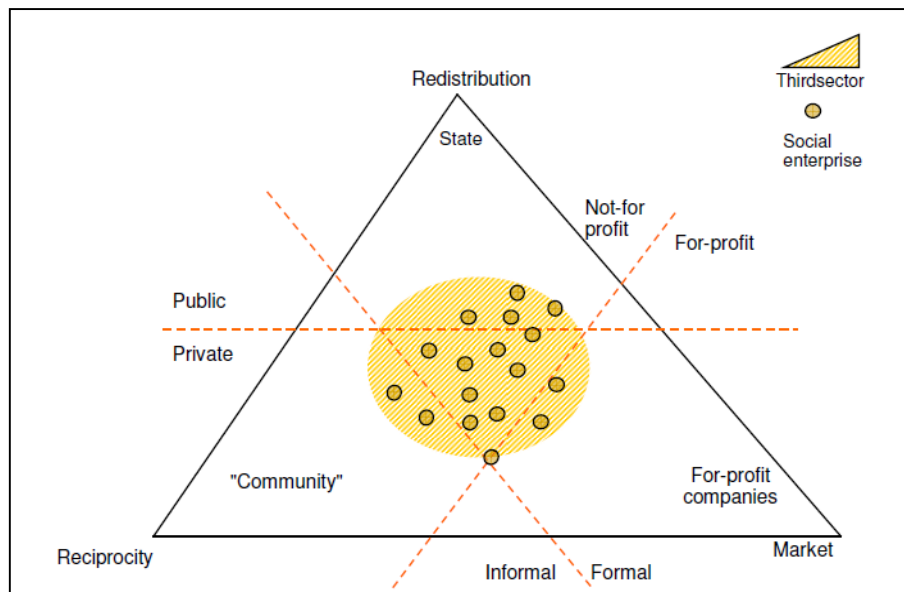


Figure 3-1: Positioning of social enterprises in the economy at large¹⁵⁸

The dotted lines indicate that the four sectors cannot be clearly cut. In the middle region principles of actions mix, therefore these organizations are often referred to as hybrids with "blurring frontiers".¹⁵⁹

The hybrid character of social enterprises is visible in their use of resources. 4 different kinds of resources can be identified. Social enterprises rely on market resources, through the sale of products and services, on redistribution-based resources from the state by receiving subsidiaries or tax exemptions, on resources from reciprocity, such as volunteering, and on resources coming from the socio-political embeddedness, which can bring resources from households, markets or the public side. Giving a hint for the relative importance of each resource in work integration social enterprises (WISEs), the PERSE project (Nyssens, 2006a) comes up with the following distribution: On average, 53 per cent of resources come from the market side, 38.5 per cent from the state and voluntary resources represent 5.5 per cent. However, variation is large.¹⁶⁰

Nyssens (2006b) sums up the reciprocal influence of social entrepreneurial organizations and the other actors in the economy. In the relationship with the public sector, social entrepreneurial organizations have contributed to the emergence of public policies. For example, WISEs constitute a part of labor market policies. Social enterprises also influenced the creation of a legal status for their kind of organizations. Further, a change in the organizing of public authorities could be witnessed in form of the establishment of social economy units. Pressures from the public and the market side restrain WISEs in their work. For example labor market policies shape WISEs' goals, and legal frameworks influence their actions. However, the term isomorphism is not used to describe WISEs' adaptive action towards these logics because they keep basic characteristics.

Regarding the relationship between social entrepreneurial organizations and the community, WISEs are creating specific values, like a shared decision making, that benefit also to the broader community in which the enterprise is embedded. The larger society is influenced when social entrepreneurial organizations provide social services that create a collective good.

¹⁵⁸ Defourny, Nyssens 2012, p. 11.

¹⁵⁹ Ebd, p. 11–12.

¹⁶⁰ Nyssens 2006b, p. 318.

The market sector is influenced by WISEs through their actions directed towards integrating disadvantaged people back into the first labor market. In the other direction, WISEs take over to some degree the production methods and the extensive way of professionalization of private for-profit companies. Moreover, since WISEs often compete with for-profit companies when selling their products, they are forced to adopt some of their norms. When markets that have been niches before, become more stable, like it was in the case of recycling, private for-profits enter and enormously exacerbate social enterprises' operations.¹⁶¹

3.2.2 Positioning along values

Bull et al. (2010) seek for a completion of the concept of social enterprise, which has been treated as a combination of the economic and the social rationality before. They offer basic notions for the concept of ethical capital in social entrepreneurial organizations. Building on the work of Tsukamoto (2005 and 2007) who identifies ethical capital as the medium of morality in organizations and three forms of acting morally in for-profit organizations, Bull et al. add a fourth form of morality that accounts for social outcomes.¹⁶²

In the figure below, Bull et al. locate social enterprises in continua of three forms of capitals. Economic capital is needed in an organization as financial resources, and social capital means the mobilization of civil society resources. The economic rationality asks for efficient performance, which is opposed to the social rationality of achieving equitable outcomes. Working in balance of these two is called "blended value" (also used by Emerson, 2006). In addition to economic and social capital, and the intellectual rationalities, ethical capital is accounting for motives of people working in social enterprises.¹⁶³

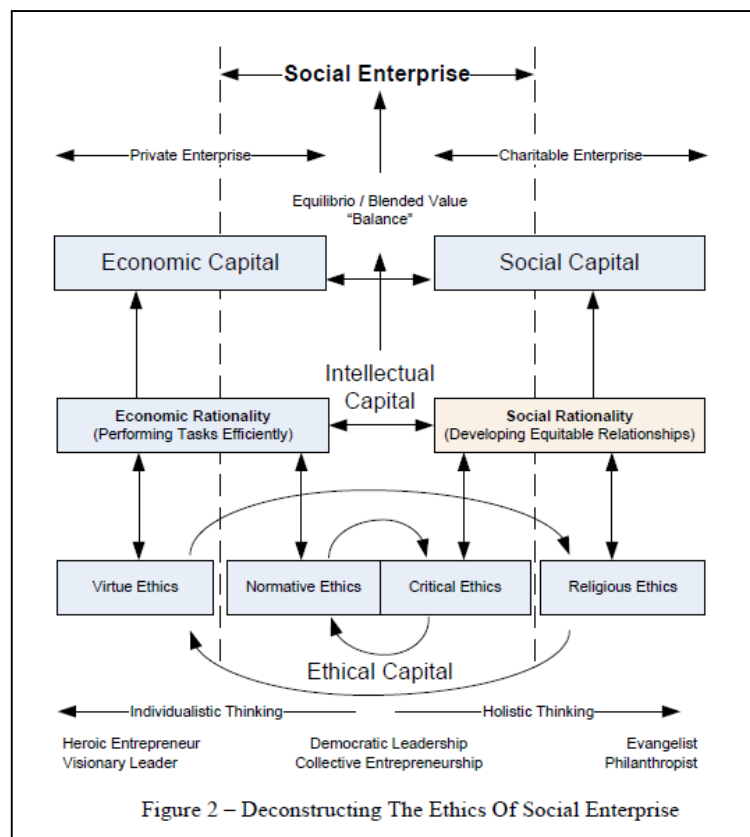


Figure 3-2: Positioning according to values¹⁶⁴

¹⁶¹ Nyssens 2006b, p. 319–322.

¹⁶² Bull et al. 2010, p. 1, 6-7.

¹⁶³ Ebd, p. 3, 9.

¹⁶⁴ Ebd, p. 9.

The mix of capitals results in a positioning of social entrepreneurial organizations between private enterprises and charitable enterprises.

Ethical capital is captured in a continuum that ranges from religious ethics, over critical and normative ethics, to virtue ethics. The two ends have a kind of leadership in common, where individuals determine the direction. This is the reason why business leaders sometimes become philanthropists, since the visionary individual can keep his personality and way of leading.

In social enterprises the two rationalities, economic and social, are combined, which demands for a more democratic way of leadership. In a democratic organization norms will emerge that will be challenged through discourse over and over again.¹⁶⁵

3.3 Summary

This chapter contributes to the research question on frames of social entrepreneurs by providing insights into their historical emergence, their positioning in the economy at large and along certain values. Information on the phenomenon's origin and its positioning is essential for understanding social entrepreneurs' perspectives.

It has been shown that social entrepreneurial organizations emerged out of the third sector idea in the 20th century. Two approaches can be distinguished in the third sector: non-profit organizations, which describe the US situation, and the social economy, accounting for European conditions. Austria is especially marked by its system of social partnership. In the 20th century first social organizations emerged. In the late 20th century, labor market policies introduced the era of social enterprises in the field of work integration. Social entrepreneurial organizations dealing with education and reintegration of workers in the labor market have still an important position. Reports are more numerous for WISE than for other social enterprises.

The positioning of social entrepreneurial organizations in the economy at large facilitates a grasping of the whole picture and of the diverse forms of social entrepreneurial organizations along blurred frontiers. The positioning along values revealed that a balanced way of combining economic, social and ethical capital is seen as important to describe the phenomenon.

¹⁶⁵ Bull et al. 2010, 9–10.

4 Assessment of the phenomenon

While the historical background is presented in the previous chapter, this part gives insights into quantitative results of recent reports (4.1) and qualitative aims of current initiatives (4.2) on social entrepreneurship, which puts the Austrian situation into a European and international context. The ensuing section contains data on the third sector and social entrepreneurship in Austria (4.3).

4.1 International data on social entrepreneurship

The Global Entrepreneurship Monitor¹⁶⁶ is specialized in global studies on entrepreneurship. In 2009, the first harmonized international study on social entrepreneurship was conducted in 49 countries, Austria not taking part. The report is based on data from interviews with approximately 150,000 adults.¹⁶⁷

Respondents were divided into 5 categories of social entrepreneurs:

- Traditional NGOs: not self-sustaining, not innovative organizations dedicated to social goals
- Not-for-profit Social Enterprise: not self-sustaining but innovative organizations dedicated to social goals
- Socially focused hybrid social enterprise: self-sustaining organizations with social or environmental goals higher than economic goals
- Economic focused hybrid social enterprises: self-sustaining organizations that focus on economic goals rather than on social goals
- For profit social enterprises: Respondents see their organization as enterprise, not as social enterprise, but social or environmental goals are two times higher than economic goals.¹⁶⁸

Each of the diagrams below is capturing the amount of people (measured as percentage of the adult population between 18 and 64 years) per country or region engaging in social entrepreneurship. These data enable an assessment of the scale of social entrepreneurship's global application.

Figure 4-1 opposes commercial entrepreneurship (in blue) to social entrepreneurship (in red) and indicates two categories in between, where either both social and commercial entrepreneurship is pursued simultaneously in one enterprise (in violet), or both kinds are pursued but with different entities (in green). The amount of people measured as percentage of the adult population engaged in entrepreneurship is estimated and compared across eight regions.

The figure shows that entrepreneurially active people (either commercial or social or both) represent between 8% and 22% of the total adult population. Most people being entrepreneurially active are calculated for the Caribbean and the Sub Saharan region with more than 20% of the adult population. Social entrepreneurship rates are outweighed by commercial entrepreneurship between 2 and 13 times.¹⁶⁹

¹⁶⁶ Global Entrepreneurship Monitor, Homepage, 10.05.2013.

¹⁶⁷ Terjesen et al. 2012, p. 4.

¹⁶⁸ Ebd, p. 10, 38-39.

¹⁶⁹ Ebd, p. 15.

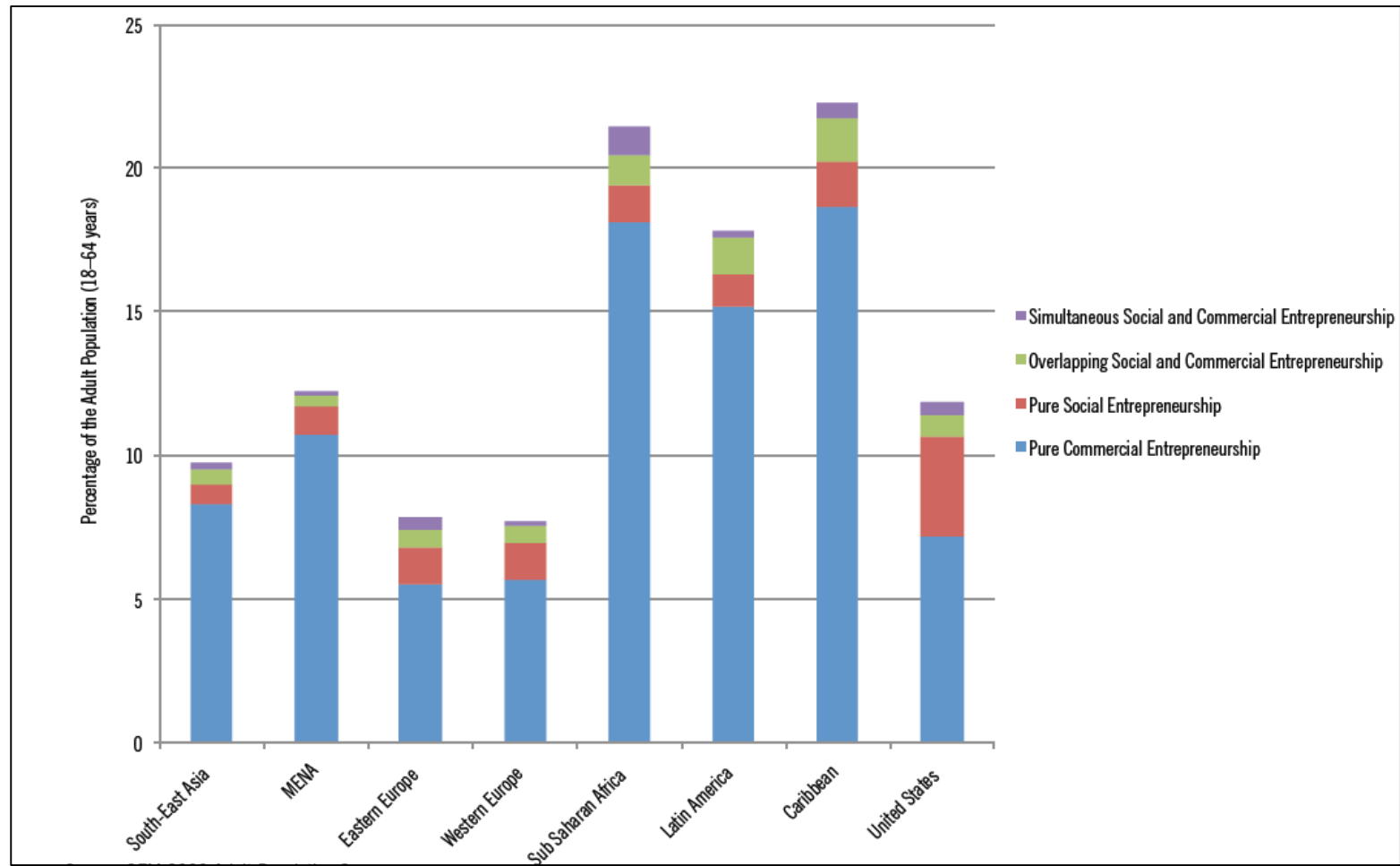


Figure 4-1: Social and commercial entrepreneurship and level of overlap, by region¹⁷⁰

¹⁷⁰ Terjesen et al. 2012, p. 16.

Figure 4-2 includes only data on social entrepreneurship and shows early-stage activity (blue) opposed to established activity (red) as percentage of the adult population. Established activity was defined as existing longer than 42 month, early-stage activity is below this value.¹⁷¹

The amount of people engaged in social entrepreneurship ranges from slightly above 0% to nearly 8%, with peak values for Argentina and Jamaica. For European countries Spain is the country least involved in social entrepreneurship (about 1% of adult population) and Iceland with 6% the highest. The figure particularly indicates that social entrepreneurship is a relatively recent development because most social entrepreneurial activity is in its early-stages.

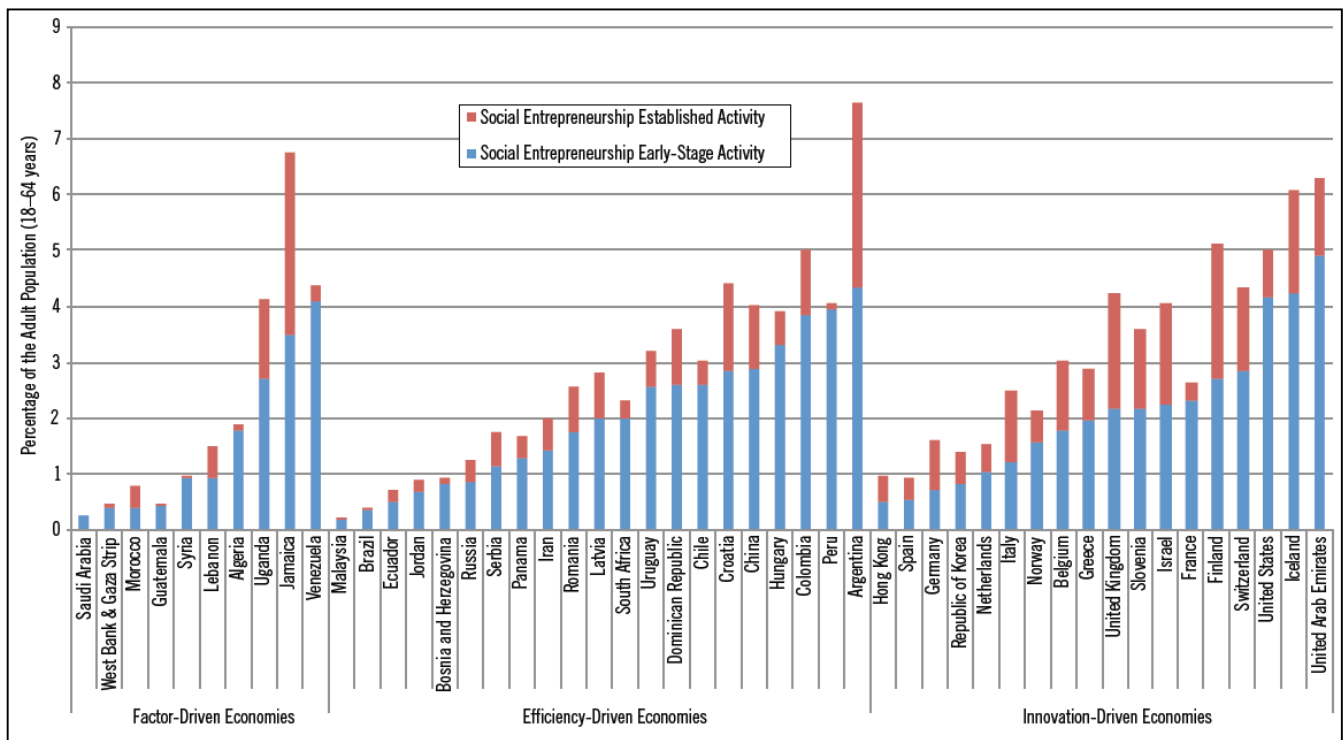


Figure 4-2: Early-stage and established social entrepreneurship by country¹⁷²

¹⁷¹ Terjesen et al. 2012, p. 11, 13.

¹⁷² Ebd, p. 15.

Figure 4-3 captures the rates of social entrepreneurship divided into the three main categories: NGOs, which contains traditional NGOs and not-for-profit social enterprises (green), For profit Social Enterprise (red) and Hybrid Social Enterprise, containing socially and economic focused hybrid social enterprises (blue). These rates are compared across regions.

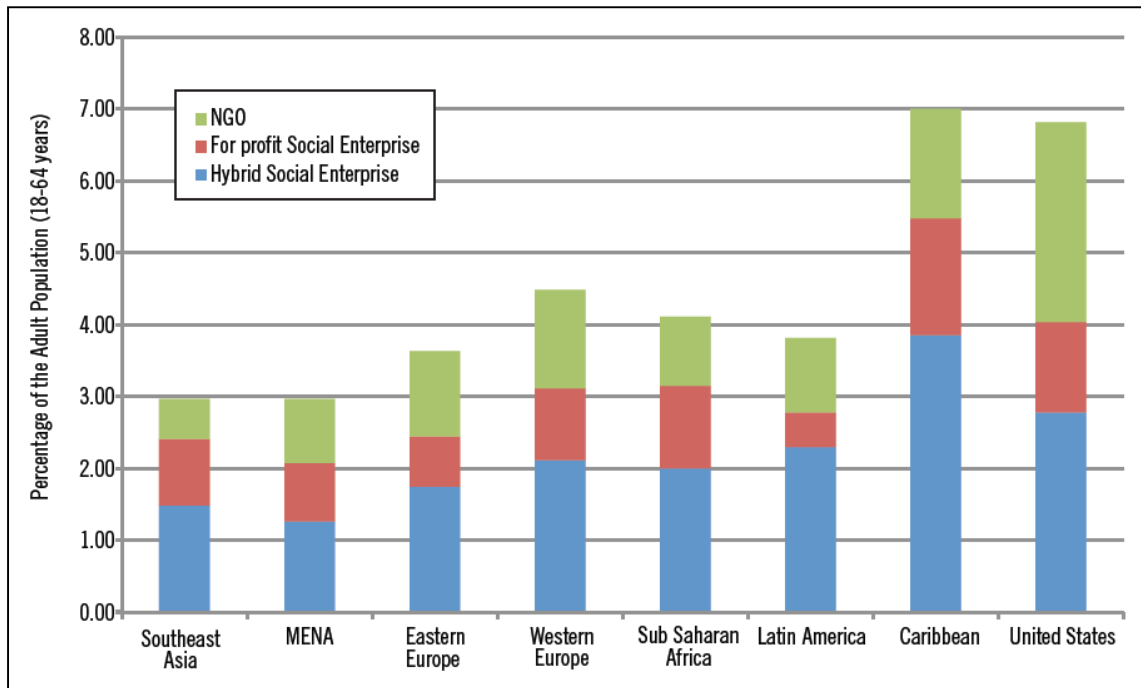


Figure 4-3: Three categories of social entrepreneurship and their proportions by region¹⁷³

Since for-profit social enterprises account for the smallest portion of social entrepreneurial activity, it seems as the phenomenon appears mainly in not-for-profit and hybrid forms.

NGOs are found to have the lowest portion of total social entrepreneurial activity in developing regions of Southeast Asia, Africa, the Caribbean and Latin America with lower than 30%. NGOs are more prevalent in developed regions such as the US and Western Europe. The report also points to the possibility that high rates of NGOs do not exclude that respondents have a separate for-profit entity.¹⁷⁴

In total, the GEM research on social entrepreneurship found that there are very few consistent patterns of social entrepreneurship prevalence. The range of social entrepreneurial activity is similar for three stages of economic development, categorized into factor-driven, efficiency-driven and innovation-driven countries. However, the average activity rate increases with economic development. Higher differences are found among developed and among developing countries, and across countries grouped by region. These results make clear that the extent of social entrepreneurship in a country does not exclusively depend on its economic development, but also on the combination of social and institutional conditions.¹⁷⁵

¹⁷³ Terjesen et al. 2012, p. 18.

¹⁷⁴ Ebd, p. 18–19.

¹⁷⁵ Ebd, p. 4.

4.2 The European Union Social Business Initiative

The EU Commission has identified social entrepreneurial organizations as profound contributors to its 2020 strategy. Their market activities are guided by social, environmental and community benefitting goals which support an inclusive, sustainable and innovative growth of the European market.¹⁷⁶

Therefore the Social Business Initiative was set up for the period 2012-2017 to further develop social entrepreneurship and the social economy. Action plans are developed to stimulate the creation and the growth of social entrepreneurial organizations. A group of experts (called GECES) was set up, which consists of diverse stakeholder such as researcher, advocacy organizations (also the *bdv* and *Ashoka*), think tanks, banks and public administrations.¹⁷⁷ The expert group is working on topics of funding, visibility and legal conditions for social entrepreneurial organizations in order to advise the Commission.

In regard to funding, it is intended to improve regulatory frameworks for social investment funds, accelerating the development of microcredits and facilitating the access to social funds. Secondly, social entrepreneurial organizations are going to be promoted in course of the initiative by communicating good practices, and creating labels and certifications for social businesses. They will receive support by means of mutual learning across regions and are offered a platform for exchange. Thirdly, the legal environment needs to be adapted for these organizations. It is proposed to simplify regulations, strengthen quality criteria in public procurement and take working conditions into account, and simplify rules for state aid to social businesses.¹⁷⁸

¹⁷⁶ EU Social Business Initiative, FAQs, 10.08.2013.

¹⁷⁷ EU Social Business Initiative, Members of expert group, 10.08.2013.

¹⁷⁸ EU Social Business Initiative, FAQs, 10.08.2013.

4.3 Social entrepreneurship in Austria

Before the field of social entrepreneurship is analyzed under an institutional perspective with new insights, relevant studies on the field are presented to provide an introductory picture.

4.3.1 Data on the third sector in general

As chapter 3.2 has shown, social entrepreneurial organizations are mainly to be located in the third sector. The Competence Center for non-profit organizations in Austria, located at the Vienna University of Economics and Business, provides data on legal forms of NPOs, the number of organizations, their turnover and their contribution to Austria's economy.

As already referred to in 3.1.3, the most common form of NPOs are associations. In 2010, NPOs have employed about 5,2% of the total employed population in Austria. These were 212.175 employment contracts. Demand for workers in NPOs is tremendously rising, an increase of 39% was registered for 2010 compared to the year 2000.¹⁷⁹

The following figure gives insights into how NPOs in Austria are financed, based on data from 2005. On average, 53% of financial resources originate from the State, containing about 36% payments for social services and 17% subsidies. 36% are earned by market activities and about 11% come from donations and sponsoring.¹⁸⁰

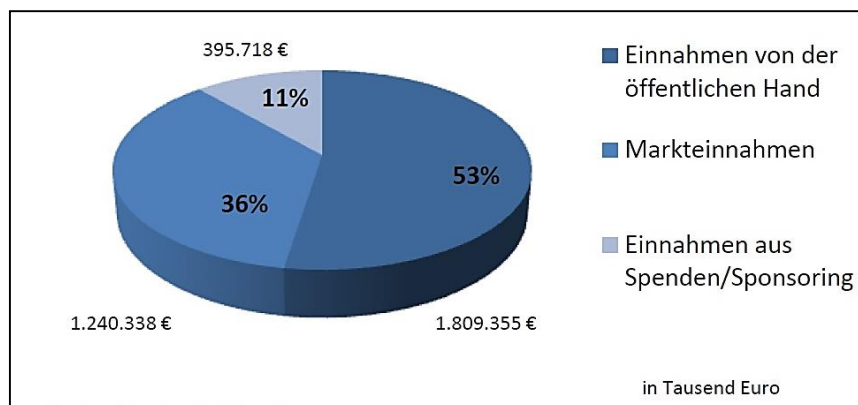


Figure 4-4: Sources of Income of NPOs in Austria¹⁸¹

In order to assess NPO's contribution to the Austrian economy, the performance indicator gross value added is chosen. In the year 2010, 5.9 billion € have been generated by NPOs, which is a significant increase over the last 10 years. Notably, voluntary work has not been taken into account here.¹⁸²

¹⁷⁹ Fachkonferenz Simsa, Presentation: slide 4.

¹⁸⁰ Simsa, Schober 2012, p. 6–7.

¹⁸¹ Ebd, p. 7.

¹⁸² Ebd, p. 8.

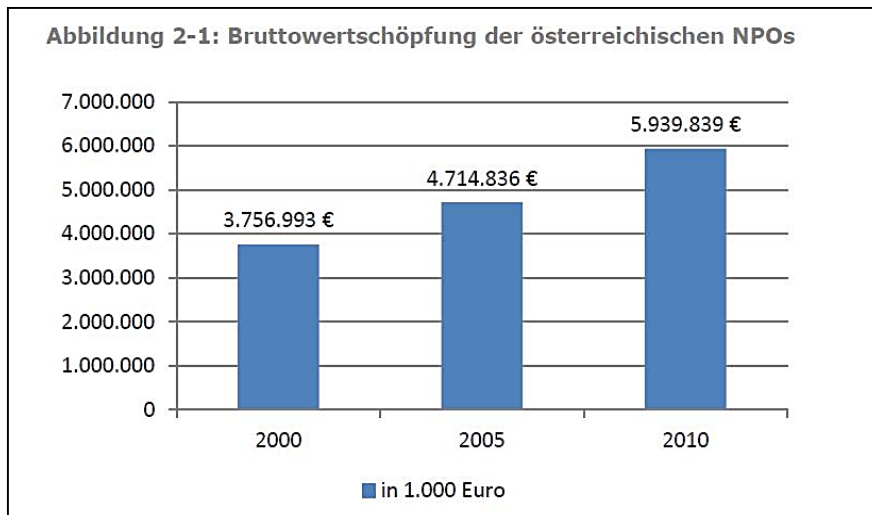


Figure 4-5: Gross value added of Austria's NPOs¹⁸³

4.3.2 Austria's social economy

Although there is a difference between the social economy and the collectivity of NPOs, the NPO Competence Center evaluating data on both, emphasizes that there is a great intersection in data.¹⁸⁴ Due to Austria's historical background, a lot of social service providers are NPOs financed by public means (as worked out in 3.1.3).

The following figure, presented by the NPO-Competence Center at the Fachkonferenz of the *Verband Sozialwirtschaft* in 2012, displays the economic weight of the social economy in Austria.



Figure 4-6: The social economy's value added compared to other economic branches¹⁸⁵

¹⁸³ Simsa, Schober 2012, p. 8.

¹⁸⁴ Fachkonferenz Simsa: 16-23.

¹⁸⁵ Fachkonferenz Simsa, Presentation: slide 8.

It contributes about 5.78% to the total gross value added of the Austrian economy, which ranks it at position 5 behind the branches: real estate, construction, whole sale, and services for enterprises; and before the hotel industry, retail, the energy industry, and metal production and processing.

In course of European studies on social enterprises, the *Austrian Institute for Small and Medium Enterprises* as well as the *bdv* contributed with reports for Austria.¹⁸⁶ However, little information is collected on social enterprises apart from the area of work integration.

Work Integration Social Enterprises (WISEs)

As a labor-market policy, socio-economic projects aim at integrating disadvantaged people like homeless, young unemployed people, women and people with disabilities into the main labor market. Training and temporary employment are offered. Many of these projects turned into established enterprises. These are called Social Economic Enterprises (Sozialökonomische Beschäftigungsbetriebe – SÖB)¹⁸⁷ and represent the WISEs in Austria.

The temporary employment endures between six months and one year depending on the region. For elderly people, who would have less than 3.5 years until retirement, it is possible to stay for this period in the social economic enterprise. Since the enterprises heavily support the labor market in the country, they are financially subsidized by the AMS as part of active labor-market policies.¹⁸⁸

Financial means from the AMS accounts for about 48 per cent of the overall budget, on average. The organizations recoup, on average, 37 per cent of their costs by economic activities. The remaining 16 per cent are covered by provincial governments and by the European Social Fund (ESF).¹⁸⁹

In the year 1996, there were 45 such enterprises offering 719 jobs to 1,606 temporarily employed persons.¹⁹⁰ In 2008, 60 enterprises were operating and provided work for 11,908 people.¹⁹¹ In 2010, the number of supported people has risen to 20,474 people.¹⁹²

The report about WISEs by the *bdv* refers beside the SÖB to a second type of work integration enterprises, which are called Gemeinnützige Beschäftigungsprojekte (GBP). However, these are not active in the market, therefore they are not included as WISEs here.

Further studies have been conducted by Anastasiadis and Mayr (2008, 2010) in the field of ECO-WISEs, which are work integration social enterprises that work in an economically sustainable way and address ecological topics. Fostering an ecological sustainable life is pursued by the production of ecological sustainable products or by services like recycling or grassland maintenance.

With a sample of 61 ECO-WISEs in Austria, research results contain answers in the areas of positioning, financing, goals, priorities and employment. 11 organizations (18%) deal with social, economic and ecological goals equally. Most of the remaining enterprises have a social

¹⁸⁶ Austrian Institute of SME Research 2007a, 2007b; Bundesdachverband Sozialer Unternehmen: Progress WISE 2009.

¹⁸⁷ Leichsenring 2001, p. 32–36.

¹⁸⁸ Bundesdachverband Sozialer Unternehmen, Sozialökonomische Betriebe, 20.01.2013.

¹⁸⁹ Leichsenring 2001, p. 32–36.

¹⁹⁰ Ebd.

¹⁹¹ Bundesdachverband Sozialer Unternehmen 2009, p. 3.

¹⁹² Bundesdachverband Sozialer Unternehmen, Sozialökonomische Betriebe, 20.01.2013.

goal as primary orientation, then the tendency is to consider economic matters before ecological, which were ranked third place.¹⁹³

More than the half of the organizations (57%) is positioning themselves towards the public sector, 32% towards the market and 11% consider themselves as near to the “base”, which possibly refers to the employees and civil society (multiple choice was possible).¹⁹⁴

The budget data is based on 45 firms. The average budget in 2007 consisted of 35% income from public orders, 35% from private costs refunds, and about 30% came from subsidies paid by the state, the provinces and the EU. Very small income was registered for donations (0,4%) and membership fees (0,3%).¹⁹⁵

Umbrella organizations

Two big umbrella organizations do advocacy work for a lot of social organizations in Austria. They represent Austria’s social economy in which among others also social entrepreneurial organizations can be found. These are the *Bundesdachverband für Soziale Unternehmen (bdv)* with 176 social organizations in the field of work integration¹⁹⁶, and the *Verband Sozialwirtschaft Österreich*, with 320 member organizations¹⁹⁷.

4.3.3 Social entrepreneurial organizations

Results of the only scientific paper found by the author on social entrepreneurship in Austria are summarized in the following.¹⁹⁸ The study by Lehner (2011) bases research on the definition of social enterprises by Social Enterprise London. 31 self-selected candidates see their organization as a business that has primarily social goals and reinvests any surpluses for the social purpose. They trade services, at least partially, on the market in order to generate profit. Lehner further chose to interview 14 social entrepreneurs and completed the findings with data from two panel discussions with practitioners and academics.¹⁹⁹

Activities

Respondents of the study proved that social entrepreneurial organizations are active in a wide variety of fields. With multiple answers possible, they are distributed as follows: education (47%), corporate social responsibility (36%), consulting other SE/NPO (33%), environment (30%), tolerance and working against discrimination (22%), international cooperation and working for peace (22%), development in Third World countries (22%), health issues and prevention (19%), space for creativity (19%), research in the field (19%), reusing second-hand items (16%), work emplacement (16%).²⁰⁰

Age and Ownership

Findings show that social entrepreneurial organizations are relatively young (average founding year: 2004) and are small organizations with an average work force of 14.5 people. Only two organizations have more than 50 employees, the maximal value is 100. Both organizations are older than the average value, namely founded in 1996 and 1998. Regarding the ownership

¹⁹³ Anastasiadis, Mayr 2010, p. 45–49.

¹⁹⁴ Ebd, p. 36.

¹⁹⁵ Ebd, p. 37.

¹⁹⁶ Bundesdachverband für Soziale Unternehmen, Mitglieder, 02.05.2013.

¹⁹⁷ Interview Gruber: 3.

¹⁹⁸ Search until January 2013; excluding diploma theses.

¹⁹⁹ Lehner 2011, p. 56/63.

²⁰⁰ Ebd, p. 66.

structure, 52% of 31 organizations are independently owned by more than one person. 39% are independent with single-owner, 3% are a subsidiary of a NPO and 6% have the status of a public-private partnership.²⁰¹

Positioning

Although Kerlin (2010) locates Western Europe's social enterprises between state and civil society²⁰², Lehner (2011) found, based on criteria of the extent of volunteers and the relative income sources, that social entrepreneurial organizations of Austria position themselves between civil society and the market. It is argued that the Austrian form of economy, the eco-social market economy, makes market-based ventures consider interests of stakeholders.²⁰³

Difference to traditional NPOs

Lehner finds that there are similarities as well as differences to traditional NPOs in Austria. An overlap is identified in the field of income generation from market-activities for some traditional NPOs, in voluntarism and in the motivation of doing good for society. However, he emphasizes the difference, which should mark the distinct field of social entrepreneurial organizations. While traditional NPOs have a certain prevalent managerialism or a philanthropist non-profit spirit, social entrepreneurial organizations combine a social purpose with an entrepreneurial spirit, characterized by income generation, economic risk and innovative methods.²⁰⁴

Positive conditions in Austria

Supportive conditions for social entrepreneurs in the Austrian landscape are identified in the areas of educational system, because people are able to choose or change over time, in high-income levels, which refers to the first period of working that enable people to accumulate some money in order to afterwards find meaningful occupations, and in the social security system, which gives room for experiments. Networks, the geographic location, a strong economy, laws (legal certainty) and a well-educated workforce for almost all fields are further mentioned as beneficiary conditions. In addition, people spirit in Austria such as willingness for volunteerism and Christian believes support the field of social entrepreneurial organizations.

Negative conditions in Austria

Negative influence on the organizations are posed by nepotism, which is the necessary membership in certain parties in order to get access to resources. Furthermore, little equity capital and rigid Austrian social security system is that people often do not feel responsible for creating social value. More detrimental conditions are identified in provincialism of Austria, in xenophobia, and in the church as a very powerful competitor. Regarding entrepreneurialism, people do not have a spirit to change and take action, and are risk averse.²⁰⁵

4.4 Summary

This chapter has shown that social entrepreneurship, though existing for a longer time, is now on the rise in Austria in line with a global development. On an international scale, a first

²⁰¹ Lehner 2011, p. 64–65.

²⁰² Kerlin 2010, p. 172.

²⁰³ Lehner 2011, p. 68, 76.

²⁰⁴ Ebd, p. 75.

²⁰⁵ Ebd, p. 69.

harmonized study on social entrepreneurship to capture its global spread was conducted in 2009. On the European level, the Social Business Initiative of the EU, which was started in 2012, shows the promising attitude of the EU towards social entrepreneurial organizations and their conformity to EU 2020 goals.

In Austria the number of people employed by NPOs is strongly increasing. Since statistical data are not gathered in course of macroeconomic accounting²⁰⁶, studies on the NPOs sector become numerous in order to grasp the field. Beside its function as employer, the third sector has also an important position in the economy.

Scientific studies beside the total field of NPOs and some reports on work integration social enterprises (WISE) are rare. The first study in the frame of social entrepreneurship research, differentiating between traditional NPOs and NPOs in the social economy with entrepreneurial spirit, was conducted by Lehner in 2011. It found that social entrepreneurial organizations are active in a variety of services in Austria. They are on average relatively young and small organizations. The half of surveyed organizations are independently owned by more than one person and nearly 40% are independent with a single-owner. Further, a lot of conditions in the Austrian working framework were gathered for both the positive and the negative side.

²⁰⁶ Austrian Institute for SME Research 2007, p. 3; CIRIEC/IFIG 2008, p. 207.

5 Institutional Theory

This chapter briefly develops main ideas of institutional theory and particularly draws on the concept of the “organizational field”, which is used in the practical part (chapter 6). The chapter is based on the book “Institutions and Organizations - Ideas and Interests” by Scott, W.R. (2008), except other sources are indicated.

Institutions are as old as humankind, while organizations are a relatively recent development.²⁰⁷ The application of institutional theory on organizations has started in the 1950s. Organization studies became a recognized field of research, beginning to connect arguments of earlier institutional theorists to organizations.²⁰⁸

In its newest form, institutional theory has been applied to organizations in mid-1970s. One of institutional theory’s central characteristics is the view of an open system, which influences the study of organizations in an important way. While in the period before organizations were perceived as systems that transform inputs into outputs, institutional theory opens a broader perspective and takes the social and cultural environment as important influence factor on organizations into account.²⁰⁹

5.1 Central Constructs

5.1.1 Institutions

Scott (2008) defines institutions as follows:

“Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life.”²¹⁰

Structures of institutions are shaped by regulative, normative and cultural-cognitive elements. These are the core elements and also referred to as pillars (see section 5.2.). Beside these symbolic systems, institutions consist of behavior and action, and material resources. Action is enabled, supported and also prohibited by symbolic systems like rules, norms and beliefs, and resources are needed to fulfil the actions. Resources include humans as well as material. An important property of institutions is the provision of stability and endurance. However, institutions also undergo change and can be analyzed under a process view.²¹¹

Social actions and relation underlie and are formed by social structure. Structuration theory, termed by Giddens, draws to social structures as both, medium of social action and outcome of social action. They give rules to social action, thereby constraining certain practices and empowering others. Social structures are reproduced by the actors. The term agency refers to an actor’s ability to influence social actions and alter the rules.²¹²

Institutions, regardless of whether regulative, normative or cultural-cognitive elements are emphasized, are transported by certain kinds of "carriers", which are sets of mechanisms that can explain how ideas move through space and time, e.g. in institutional replication, homogenization and change. The following four carriers of mechanisms are

²⁰⁷ Scott, 2008, p. 73.

²⁰⁸ p. 44-45.

²⁰⁹ p. ix-x.

²¹⁰ p. 48.

²¹¹ p. 48–50.

²¹² p. 77.

identified: symbolic systems, relational systems, routines and artifacts. An organization incorporates a multitude of institutionalized features in form of these carriers. Therefore theorists speak of the extent on organizational component is institutionalized.

- Symbolic Systems

Different theorists point to different symbols that guide behavior and shape perceptions. For cognitive scholars, common categories, distinctions and typifications are important. For normative theorists shared values are the critical symbols and cultural-cognitive theorists emphasize conventions, rules and laws as symbolic carriers of ideas. Symbols incorporated in sounds, images and words are transported worldwide with modern information and communication technology.

- Relational System Carriers

Relational systems relate social positions and roles in a network of people. Considering societies, immigrants bring new ideas, different forms of behavior and new relational commitments into a society.

Considering organizations, relational systems are coded into structures, applied as different departments and roles in an organization. The normative side in form of authority or the coercive side in form of power are aspects of these structures. An organizational structure creates codes, norms and rules in order to monitor and sanction behavior.

- Routines as Carriers

Routines consist of patterned activities and procedures that are based on tacit knowledge and habits. They are learned in a community, transported by relational systems, and not readily applicable to new settings with different actors and relationships.

- Artifacts as Carriers

Material objects are seen as crucial in social actions. Most recent artifacts are for example technological devices and programs. They exert influence on social processes. There are industrial standards for machines and quality and reliability requirements set by agencies. Symbolic meanings of objects can sometimes overrule their material essence such as the bread and wine in the communion service.²¹³

5.1.2 Organizations as institutions

Scholars argue differently on which institutional form gives rise to organizations. Some place more importance on regulatory frameworks, some stress normative dimensions and others claim cultural-cognitive features as conducive for the development of organizations. What they have in common is a rationalized view of the world. Rationalization is marked by the setting of actions in order to achieve certain purposes, and the forming of principles which govern these actions.

Rationalization also leads to the creation of social entities. Out of the constitutive element of institutions, which are these identifiable social units that take actions according to their interests, categories of actors have been defined. Primary social actors are: individuals,

²¹³ p. 79–85.

organizations and societies. Over the time organizations, such as firms, became legal persons in front of the law. Characteristics in this regard vary over region. While institutional rules in the United States focus independence and competitive individualism, the Asian societies view interdependence and less autonomy as the economic ideal. Europe takes a somewhat intermediate position.²¹⁴

Scott (2008) summarizes three views on the relationship between institutions and organizations. The first concept is represented by institutional economists and applies a game analogy. In their view, institutions set rules and organizations are players in the setting. A second position is identifying organizations and their structures and procedures as institutions. For example, the organization is a governing system over its departments and activities. A third view, held by sociologists, is emphasizing the institutionalized forms of modern organizations. They view organizations as cultural, human made practices, which are at the core of our society.²¹⁵

Organizations are viewed as capable of governing projects that pursue goals by formalized means. They have gained prominence in part because of people striving for the explanation and rationalization of their physical and social worlds.²¹⁶

5.1.3 Organizational field

Institutions can be studied on different levels: the world system, the society level, on the level of organizational fields, organizational sets, organizational populations, the individual organization and on the level of an organizational subsystem.²¹⁷ The concept of organizational field encompasses the levels of individual organizations, organization set and organization population, thus provides a more encompassing perspective.²¹⁸ Knowledge of the surrounding logics, the organization's institutional context and its relationships to other actors constitutes the central framework. The field perspective does not detract from the individual organization but is needed for understanding the behavior of an organization and its actions.²¹⁹

An organizational field consists of:

- a diverse array of organizations working within a given arena or domain
- producer organizations, exchange partners, customers, competitors, intermediary actors, regulators, and funding agents – which has been defined as the “organization set”
- organizations with similar goals and a similar general orientation which are competing for the same resources – which has been defined as the “organization population”.²²⁰ An organization population is also known under the conventional concept of “industry”.²²¹

DiMaggio and Powell (1984) among the first scholars on organizational fields define: “By organizational field, we mean those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products. The virtue of this unit of

²¹⁴ p. 73–75.

²¹⁵ p. 150–151.

²¹⁶ p. 90.

²¹⁷ p. 85–87 and p. 150.

²¹⁸ p. 181–182.

²¹⁹ p. 208–209.

²²⁰ p. 181–182.

²²¹ p. 85–87.

analysis is that it directs our attention [...] to the totality of relevant actors."²²² After a field of different organizations has established, they assimilate and homogenization takes place.²²³

Scott (1994) defines the organizational field as:

"The notion of field connotes the existence of a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside of the field."²²⁴

An analysis of organizational fields therefore draws attention to all relevant actors, institutional logics and governance structures within a specific social area that forms around a kind of product or service, around a policy or around a common issue. Organizational fields vary considerably among themselves and over time.²²⁵

5.2 Three pillars of institutions

As indicated above, the regulative, normative and cultural-cognitive aspects are constitutive for institutions. All are present in institutions, their importance and influence is viewed differently by different scholars.

These pillars form a continuum moving "from the conscious to the unconscious, from the legally enforced to the taken for granted"²²⁶ and make up an institution.

The rows in the following table define principal dimensions along which assumptions vary. Arguments arise among theorists emphasizing one element over the others. Each pillar will be shortly discussed below.

	REGULATIVE	NORMATIVE	CULTURAL-COGNITIVE
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness Shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, Laws, Sanctions	Certification, Accreditation	Common beliefs, Shared logics of action, Isomorphism
Affect	Fear Guilt/ Innocence	Shame/ Honor	Certainty / Confusion
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible, Recognizable, Culturally supported

Figure 5-1: Regulative, normative and cultural-cognitive pillars of institutions²²⁷

²²² DiMaggio, Powell 1983, p. 148.

²²³ Ebd.

²²⁴ Scott 2008, p. 85–87 after Scott 1994: 207-208.

²²⁵ p. 208–209

²²⁶ Scott 2008, p. 50 after Hoffman 1997: 36.

²²⁷ p. 50–51.

The regulative pillar

Actions need to be put into framework of what is allowed and what not. Therefore institutions set up rules, which obedience will be monitored and afterwards rewarded or punished. Regulative measures range from formalized rules and regulation that can have legal consequences, to informal manipulative behavior of colleagues. Although the concept of regulation seems to emphasize constraints, it also enables actions.²²⁸

The normative pillar

When supporting the view of normative aspects guide an institution, emphasis is placed on values and norms. Values describe the preferred and desirable out of which standards of behavior are defined, in order to assess specific actions. Norms are the means to be used to attain valued ends. Roles are defined in institutions which clarify which goals and actions are appropriate. They can emerge informally or be formally determined. Normative aspects contain rights and responsibilities, privileges and duties, licenses and mandates.²²⁹

The cultural-cognitive pillar

Cultural-cognitive aspects are shared beliefs and frames that create meaning and make sense of the outer world. Symbols like words, signs, and gestures are used in daily life to shape the meanings we attribute to objects and activities. Meanings are generated in interaction. Scott combines it into “‘internal’ interpretive processes are shaped by ‘external’ cultural frameworks.”²³⁰

5.3 Details on institutional fields

Key components of organizational fields are: relational systems, cultural-cognitive systems, organizational archetypes and repertoires of collective action.

- Relational systems describe the links of organizations, patterns of interaction and information flows, hierarchical order and coalition. An important subset of these relations are governing actors that regulate and control the field. These are public regulatory bodies, trade associations, unions, professional associations, and judicial systems.
- Cultural-cognitive systems of organizational fields are logics and/or frames. Logics denote the set of practices and symbols that specifically organizes different institutions. For example there is the logic of market that sometimes comes into conflict with the logic of the state. Cultural frames as concept are focused in the definition below.
- Organizational archetypes (and repertoires of collective action) help to bridge the gap between structural analysis of relational systems and the cultural components. Organizational archetypes are forms or models of organizations like for example the state is a distinct type of organizational actor. Archetypes provide templates which are used to construct rules and administrative structures in an organization, according to which people behave and act.

²²⁸ p. 52–54.

²²⁹ p. 54–56.

²³⁰ p. 56–59.

- The concept of repertoires of collective actions states that an organization's action is limited and bound by the rules, norms and beliefs of the organizational field.

Organizational archetypes and repertoires of collective action clarify the ways in which social action is enabled or restricted. The provided templates guide action either by restricting action or by legitimizing and supporting action.²³¹

Summarizing the characteristics of a field defined by DiMaggio and Powell (1983) and Scott (2008), the following points are important:

- interaction
- inter-organizational structures (domination and coalition)
- an increase in the information load
- mutual awareness
- extent to which organizations agree on logics that guide activities in the field
- isomorphism: limited range of organizational forms and actions
- increased clarity of field boundaries

5.4 Framing

In order to examine cultural-cognitive systems, the concept of frames was first introduced by Erving Goffman in 1974. He defines the term "frame" as "schemata of interpretation" that enable individuals "to locate, perceive, identify, and label" occurrences in their lives and in the world at large.²³²

This concept was further developed by social movement theorists to better explain how processes of participation in social movement organization take place. Snow et al. (1986) conceptualize that frames give meaning to happenings, organize experience and guide action. This holds for individual as well as for collective action.²³³ Campell (2005) concretizes "Frames are metaphors, symbols, and cognitive cues that cast issues in a particular light"²³⁴. The process of "framing" is a cognitive mechanism that creates meaning of the world and its issues. It can be used to manipulate others' perceptions, their interests and their accepted opportunities for action.²³⁵

Institutional ideas, beliefs, rules and logics, whether regulative, normative or cultural-cognitive elements of institutions are emphasized, are moved by different kinds of "carriers". They play an important role in explaining how institutions evolve and change. Scott (2008) lists four types: symbolic systems, relational systems, routines and artifacts. Carriers are not neutral but influence the message and the ways in which it is received.²³⁶

²³¹ p. 185–190.

²³² Snow et al. 1986, p. 464 after Goffman 1974.

²³³ Snow et al. 1986, p. 464.

²³⁴ Campbell 2005, p. 48–49.

²³⁵ Ebd.

²³⁶ p. 79–80.

The mechanism of framing is by Scott (2008) attributed to the carrier “symbolic systems”. Symbols of interest for institutional theorists are rules, values and norms, classifications, representations, frames, schemas, prototypes, and scripts used to guide behavior. Cognitive theorists emphasize the importance of common categories, distinctions and typifications which shape interpretations. Normative theorists concentrate on shared values and normative expectations that are responsible for actions and behavior. Regulative theorists stress conventions, rules and laws.²³⁷

²³⁷ p. 79–80.

6 Institutional analysis of social entrepreneurship in Austria

This chapter points out the results attained from the study on the field of social entrepreneurship in Austria. Thereby it will provide answers to the central research questions of: Who is involved in the organizational field of social entrepreneurship and how? And, how do social services providing organizations frame the issue?

6.1 The issue

Along the lines of Hoffmann (1999), who develops the idea that fields form around issues, not only around technologies or markets, this thesis builds on a concept of the field that evolves around an issue. Diverse actors are involved in negotiating over issue interpretation. The issue is the center of interest for organizations, which establish relations that would have not been built without the issue.²³⁸

Hoffmann (1999) analyzes how the organizational field of corporate environmentalism and institutions coevolved in the U.S. chemical industry. Building on the notion that an organizational field forms around a central issue, in Hoffmann's case the protection of the natural environment, he measured changes over the period from 1960 to 1993 in the constituency of the organizational field.

The research questions of my thesis were developed along the lines of Hoffmann's paper, who asked (among other research questions): "Who was relevant in defining legitimate environmental action for U.S. industry? and, How is the environmental issue framed and defined within the population of U.S. chemical manufacturers inhabiting the field?"²³⁹

The issue central to the field of social entrepreneurship in Austria concerns the ways, methods, and forms of providing social services. All socially active organizations face problems of how to effectively provide social services or goods to those who are in need. The main challenge is that customers are often not able to pay. Various forms of organizations have developed over time who differently organize and finance their activities. These are

- traditional NPOs (typology used also in Lehner 2011, as social services providing organizations without an entrepreneurial spirit²⁴⁰)
- social entrepreneurial organizations (see 2.2.1 and 6.2.2 for the developed definition)
- for-profit companies, and
- public organizations.

The question that they face is: how to provide social services? Or more concretely formulated: how to organize and finance an organization that provides social services. The broad field around this issue constitutes social services providing organizations.

²³⁸ Hoffmann 1999, p. 351–352.

²³⁹ Ebd, p. 354.

²⁴⁰ Lehner 2011, p. 75.

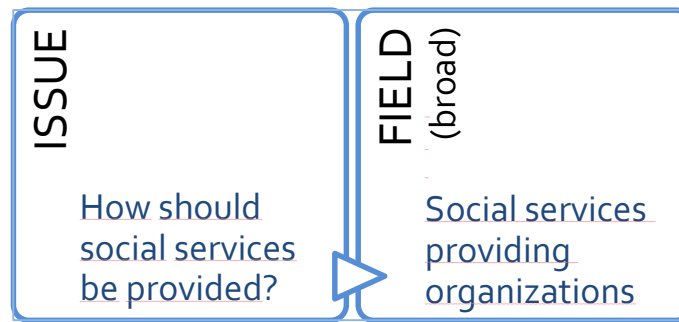


Figure 6-1: Field around the issue

However, not the broad field is analyzed. The thesis concentrates on one form of social services providing organizations, which are social entrepreneurial organizations as explained in the next section.

6.2 Field under research

6.2.1 Disentangled concept of organizational field

The field of socially active organizations encompasses a lot of different forms. After Delmestri (2009), I divide the concept of the field into different parts in order to reduce complexity and make the area under research more graspable.²⁴¹

- The “institutional contexts”, where the field is embedded in, are the Austrian and the European Union context. Institutional contexts consist of laws, rights and traditions, thereby stabilize activities and form macro-identities. Institutional contexts can be societies and/or nation states.
- The “Organizational field (in a more restricted sense)” covers a lot of diverse social actors that are connected through transaction or collective action. The organizational field in this case are social services providing organizations, as well as players in relationships with them, such as financing institutions, information giving organizations, events, networking enabling organizations, advocacy organizations and regulative institutions.
- The “Inter-action context” is referring to the actors that deal with a common issue, therefore are interdependent. There might be several inter-action contexts within an organizational field or between organizational fields. The selected interaction context in the case of social entrepreneurship in Austria are organizations providing social services with business methods.

²⁴¹ Delmestri 2009, p. 114–115.

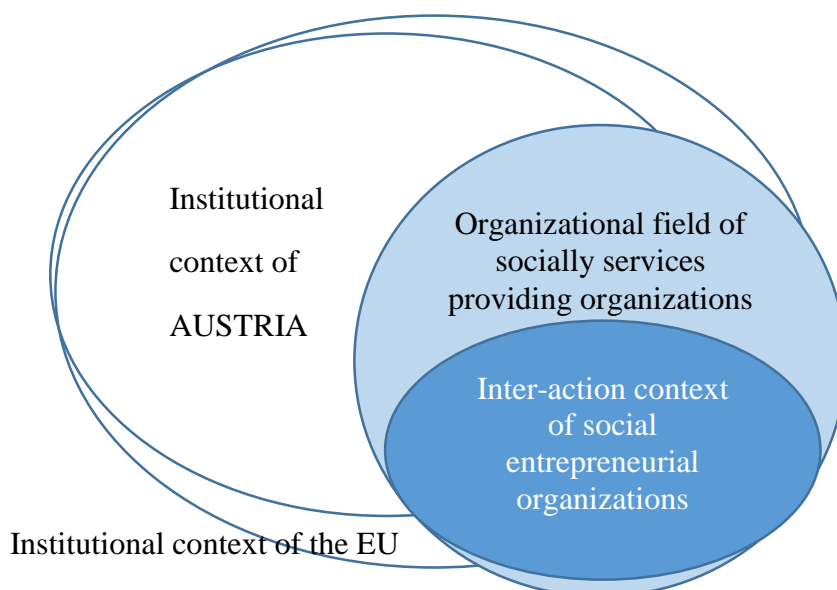


Figure 6-2: Disentangled concept of organizational field applied to social entrepreneurship in Austria

Some social organizations are connected with European wide networks²⁴², two networks of social entrepreneurial organizations are globally operating²⁴³. Therefore the figure indicates that the field ranges beyond the Austrian and beyond the European context.

Social entrepreneurial organizations, as one kind of socially active organizations, find innovative solutions to societal challenges and innovative ways of resource combinations to deal with the limited budget (see definition in 2.1.4). Social entrepreneurs can be found among organizations of the Social Economy as well as emerging from New Initiatives.²⁴⁴

Not all practices of social enterprises and social entrepreneurship are new. However, they are now on the rise and are developing in diverse kinds of organizational models, fields of activity and geographical areas.²⁴⁵

6.2.2 Demarcation of organizations under research

Although the literature review made clear that social entrepreneurial organizations exist in a wide range and are located around blurred frontiers between non-profit and for-profit organizations, for the purpose of this study, a more clear definition of organizations must be developed.

As mentioned in chapter 2.1., organizations with primarily economic goals (Type 5 after Peredo and McLean, 2005) are not part of this research. Also organizations with more social focus but which are still profit maximizing (Type 4) are excluded. The same is valid for traditional non-profit organizations (Type 1), which do not engage in market activities and/or do not show an entrepreneurial spirit.

Organizations categorized in this study as social entrepreneurs show the following characteristics:

²⁴² F.ex. The *bdv* is part of the ENSIE network and of Social Economy Europe.

²⁴³ Which are *The Hub* and *Ashoka*, as worked out in 6.3.1.

²⁴⁴ Categories defined by the author, results of this study (see 6.3).

²⁴⁵ Defourny, Nyssens 2012, p. 20.

- 1) They have a clear primary social or ecological purpose, not profit-maximization.
- 2) They are privately owned.
- 3) They work either on a non-profit model, or a for-profit that reinvests any surpluses into the organization and the social purpose.
- 4) They actively trade products or services on the market, which makes them (at least partially) able to cover costs.
- 5) They show innovative entrepreneurial behavior.

What is also excluded are initiatives in Austria under the heading of “participation” or also “civil dialogue”²⁴⁶ because they mainly deal with integrating civil society into decision making in cases of public interest.

The criterion of privateness excludes publicly owned social businesses, which are in Austria subsumed under the term “Gemeinwirtschaft”²⁴⁷.

Social entrepreneurial organizations are the starting point of research, because they deal with the issue how social services should be provided in the restricted sense of using market activities. The organizations in contact and interrelation with social entrepreneurial organizations build the organizational field under research.

6.3 Results on actors and their involvement

The study of websites and the interviews revealed eight categories of actors in the field of social entrepreneurship. These typologies are named by the author, not drawn from prior research or expressions used by actors of the field, except for “Traditional NPOs”²⁴⁸ and “Social Economy”²⁴⁹.

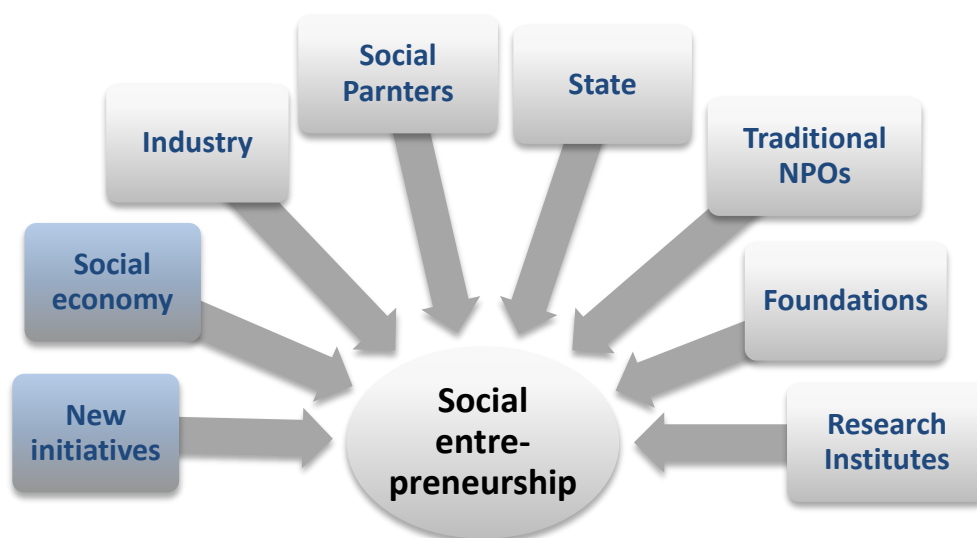


Figure 6-3: Categories of actors involved in SE

²⁴⁶ Participation, General Information, 04.05.2013.

²⁴⁷ Austria Dictionary, Gemeinwirtschaft, 04.05.2013.

²⁴⁸ Used f.ex. by Lehner 2011.

²⁴⁹ Used in the field by *Verband Sozialwirtschaft Österreich*, and in the literature f.ex. by Defourny/Nyssens 2012, Defourny 2001, and the CIRIEC/IFIG 2008 report on the Social economy in Europe.

Two main collectives of actors are identified (marked in blue), which mainly influence the issue of how social services should be provided, since they are the providers. These are organizations of the categories “New initiatives” and “Social economy”. Though traditional NPOs also provide social services, they use different methods which do not fall under the definition of social entrepreneurship, therefore they are not analyzed in this respect. New initiatives name themselves “social entrepreneurs”, while most organizations out of the Social economy category do not use the expression. Despite of this self-reference, in both categories social entrepreneurial organizations have been identified by the author.

The other six categories of actors complete the field by complex sets of interaction and relationships. I empirically ground the construct of the field through analyzing the organizational interaction.

The table below displays how each category of actors is involved in the field of social entrepreneurship, which means how the other categories come into contact with the two social services providers, the New initiatives and the Social economy. These refer to all single social entrepreneurial organizations, while umbrella organizations of the categories denote those organizations (explicitly mentioned in the sections below) that are supporting their member organizations, whereby they are also providing a social service.

The following 8 ways of involvement are identified and assigned to the categories of actors:

- Active in social services
- Financially supportive of social service providers
- Enabling networks for social service providers
- Doing advocacy for social service providers
- As regulative forces for social service providers
- Informative for social service providers
- In competition with social service providers
- Cooperative in projects with social service providers

	Active in social services	Financially supportive	Enabling networks	Advocacy	Regulative Forces	Informative	In Competition	Cooperative in projects
New initiatives	X						X	
- Umbrella organizations of new initiatives	X	X	X	X		X		
Social Economy	X						X	
- Umbrella organizations of social economy	X		X	X		X		
Industry		X					X	X
Social Partners		X		X		X		
State and regional governments, EU		X			X		X	
Traditional NPOs	X							X
Foundations		X						
Research Institutes						X		

Figure 6-4: Overview on actors and their involvement in social entrepreneurship

Note: Though traditional NPOs are active in social services, they are only analyzed for their involvement with social entrepreneurs. Therefore a grey mark is used for the box NPOs – active in social services.

6.3.1 New initiatives

As Lehner (2011) notes, social entrepreneurs have not been visible or in public awareness in Austria until 2009/2010. At this time new initiatives started and they together with award competitions were covered more intensively in newspaper articles.²⁵⁰ The term “New initiatives” is chosen due to the recent entrance of umbrella organizations and consequently the building up of memberships in Austria. There are two major umbrella organizations for social entrepreneurs in Austria in this category: *Ashoka*, which opened its Austrian subsidiary in January 2011²⁵¹ and has currently 4 members²⁵², and *The Hub*, which is active in Austria since May 2010²⁵³ and counts about 200 Austrian members²⁵⁴.

These umbrella organizations are themselves active in social services by supporting their members. Further, they foster social entrepreneurs, give them opportunities to enhance their ideas and businesses, support them by providing an international network of social entrepreneurs and by establishing connections to partners and financiers.²⁵⁵ On a smaller level, they advocate for their members in a country. Support is especially promised in regard to management abilities, impact measurement, market entry strategies, and getting visible and appreciated in a country.

Organizations from the category New Initiatives provide social services in very different areas. For example, the Austrian *Ashoka* Fellows are operating in regional area support²⁵⁶, education²⁵⁷, health²⁵⁸ and disabled people support²⁵⁹. They find themselves in competition with public organizations, for-profits and other social entrepreneurs.²⁶⁰

An *Ashoka* representative is taking part in the jury of the “Social Impact Award” and the jury of the “Sustainable Entrepreneurship Award”, of the latter *Ashoka* is also partner. A *The Hub* representative is part of the jury in the “Social Impact Award” and in the “TRIGOS-CSR Award”.²⁶¹

Beside *Ashoka* and *The Hub*, some smaller organizations are also working in support of social entrepreneurs like *Waldzell – Architects of the Future*²⁶² and *Pioneers of Change*²⁶³. Further information on the work of *Ashoka* and *The Hub* and their connections to other categories is provided in the Appendix: Analysis of Involvement.

Event – Austrian Social Business Day

In this category, I include an event that started about the same time as *Ashoka* and *The Hub* entered Austria. Since 2009, the Austrian Social Business Day takes place annually in Vienna. It aims at bringing for-profits, non-profits and social entrepreneurs together, fostering cooperation and it gives a space for connection and debate. In course of this event, speeches and presentation desks inform about current topics and cooperative projects. The subtitle of the

²⁵⁰ Lehner 2011, p. 59.

²⁵¹ Ashoka Austria, General Information, 22.05.2013.

²⁵² Ashoka Austria, List of Fellows, 06.08.2013; Interview Shirobokova: 184.

²⁵³ The Hub, Opening, 02.05.2013.

²⁵⁴ The Hub, Members, 22.05.2013.

²⁵⁵ Interview, Shirobokova: 39-62 and 314-320; Presentation Schön: slide 8; The Hub, Programs, 22.05.2013.

²⁵⁶ Ashoka Austria Fellow, OTELO, 23.05.2013.

²⁵⁷ Ashoka Austria Fellow, IFTE, 23.05.2013.

²⁵⁸ Ashoka Austria Fellow, Risflecting, 23.05.2013.

²⁵⁹ Ashoka Austria Fellow, CareerMoves, 23.05.2013.

²⁶⁰ Oldenburg 2009, p. 198.

²⁶¹ see Appendix: Analysis of Award Involvement

²⁶² Waldzell Architects of the Future, 22.05.2013.

²⁶³ Pioneers of Change, 22.05.2013.

Austrian Social Business Day is “Austria’s platform for CSR-cooperation, social entrepreneurship and sustainability” (“Österreichs Plattform für CSR-Kooperationen, Social Entrepreneurship und Nachhaltigkeit“).²⁶⁴

Other non-recurring events about the topic social entrepreneurship have taken place in Austria, like the “Eco- and Social Entrepreneurship Day” organized by *The University of Natural Resources and Life Sciences* in Vienna on December 4th, 2012²⁶⁵; and the topic was addressed by *Forum Alpbach* in 2010, one of Austria’s summits for future developments, dealing with current socio-political questions.²⁶⁶ This shows growing interests.

6.3.2 Social economy

The category Social economy encompasses social organizations that are actively providing social service, which can be classified into four main areas. Along these categories also the *Verband Sozialwirtschaft* is organized: work integration, work with disabled people, social and health services, and children welfare. The second involvement of social economy organizations besides being active is competitive. Social economy organization are in competition with public organizations, for-profits and other social entrepreneurs, of their own category or of the category New initiatives.²⁶⁷

As referred to in 4.3.2 working in the interest of these organizations are the umbrella organizations *bdv* and *Verband Sozialwirtschaft*. Estimations expect a membership in the *Verband Sozialwirtschaft* of 10% of Austrian private social organizations²⁶⁸. Social economy organizations rely on state subsidies but are also active on the market. Since not all represented by these networks are using innovative means and methods, their member organizations are not exclusively social entrepreneurs after the definition in 6.2.2. One example for a social entrepreneur in the category Social economy is the interviewed organization *abz*austria*²⁶⁹.

The *Verband Sozialwirtschaft* (former “Berufsvereinigung von Arbeitgebern von Gesundheits- und Sozialberufen”, translated as Association of employers in health- und social professions) started in 1997 to build a collective of employers and unite social organizations. In 2004, it has achieved a collective agreement for social organizations called “BAGS”, regulating nearly 100.000 employment contracts in the social economy.²⁷⁰

The *bdv* and the *Sozialwirtschaft Österreich* are active in social services by supporting their members. Support focusses advocacy and lobbying work in order to represent the members’ interests in front of the public and State institutions. In addition, they enable networking among their members and provide information.²⁷¹

Analyzing the involvement of social economy organizations in awards, it has shown that the managing director of *bdv* is part of the jury of “Ideen gegen Armut”. Some social workers and former winners of social prizes are included in the jury of “SozialMarie” and “Essl Social Prize”.²⁷²

²⁶⁴ Austrian Social Business Day, 01.02.2013.

²⁶⁵ Eco-and Social Entrepreneurship Day, 30.05.2013.

²⁶⁶ Forum Alpbach 2010, 16.06.2013.

²⁶⁷ Interview Gruber: 801-802; Fachkonferenz Simsa: 156-158.

²⁶⁸ Interview Gruber: 19-25.

²⁶⁹ Interview Vollmann: 11-21.

²⁷⁰ Interview Gruber: 22-26.

²⁷¹ See Appendix: Analysis of Involvement

²⁷² See Appendix: Analysis of Award Involvement

Connections into other categories are for umbrella organizations strong to the *ÖGB* and the *AK* (Social Partner category) and the Social Ministry (State category). How single social services providing organizations of this category come into contact with other categories is described in the following sections.

6.3.3 Industry

New initiative organizations as well as social economy organizations have diverse relationships with for-profit organizations. They range from regular market relations to competitive situations, from sponsoring contracts to long-term cooperative projects. The bank affiliate *good.bee* of *ERSTE Bank* financially supports social organizations of both categories with loans. Further, some manager-exchange initiatives were created to foster information exchange between the social/third sector and the business sector. The *Industriellenvereinigung, IV*, the Federation of Austrian Industries, a voluntary representative of about 4.200 for-profit organizations²⁷³, is in dialogue with the *bdv* and cooperates with *Ashoka* to establish connections between each other's members. The IV has issued a brochure on social investment as information for potential investors, and informs in short articles in its regularly published magazine on new initiatives.

Concerning the involvement in awards, for-profits appear as partners, initiators and members of juries in “Ideen gegen Armut”, “Social Impact Award” and “Sustainable Entrepreneurship Award”.

Details on interconnections and relationships of for-profits with social entrepreneurs and their engagement in awards are to be found in the Appendix: Analysis of Involvement.

6.3.4 Social partners

Austria's system of state regulation is based on social partnership, which means that employers' organizations and worker unions are involved in decision making of the government.²⁷⁴ This is a voluntary arrangement and not regulated by law. Social partners are the Federal Economic Chamber (“*Wirtschaftskammer Österreich*”, *WKO*), the Trade Union Federation (“*Österreichischer Gewerkschaftsbund*”, *ÖGB*), the Federal Chamber of Labor (“*Bundesarbeitskammer*”, *BAK*) and the Chamber of Agriculture (“*Landwirtschaftskammer*”, *LK*). They are working in the interest of its members, which are companies on the employer side or private persons on the employee side. Collective agreements are also negotiated between the two sides, in which 90-95% of private sector employees' salaries and working conditions are regulated. This system of group interest representation is also referred to as corporatism.²⁷⁵

I found that three of four social partners are involved in the field, which are the *WKO*, the *AK* and the *ÖGB* by advocating for social organizations or providing information. The *WKO* is also financially supportive in awards. Further, some organizations that were initially created from

²⁷³ Industriellenvereinigung, General Information, 30.05.2013.

²⁷⁴ Leichsenring 2001, p. 31–32.

²⁷⁵ Social partners, Mission, p.1-3.

social partners are active in social services and a European social partner organization is involved in an award competition.²⁷⁶

6.3.5 The State

The State, more concretely the Ministry of Labor, Social Affairs and Consumer Protection (*BMASK*), asks for the provision of social services from social entrepreneurs in the interest of society. A lot of social economy organizations in Austria work on behalf of the State, supplying a social service and receiving financial subsidies in return. Other public institutions that social economy organizations have contracts with are the governments of municipalities and provinces, the *AMS* and the *Bundessozialamt*. Umbrella organizations of the Social economy category are therefore in regular contact with these institutions.²⁷⁷ The strong connection is also shown in the fact that the Social Minister was a speaker at the Fachkonferenz of the *Verband Sozialwirtschaft* in 2012.²⁷⁸

To a smaller extent the State also comes into contact and dialogue with new initiatives. *Ashoka* facilitates the contact of social entrepreneurs that want to enter the Austrian market with the Social Ministry. In case of two *Ashoka* Fellows, one employing autistic people, and the other one, training and employing blind women, the Social Minister positively evaluated their work and organized support for entering the Austrian field.²⁷⁹

The State and the regional governments are involved in the field of social entrepreneurship by providing financial support in forms of subsidy contracts and support of single projects, and as regulative force by establishing and adapting laws and regulations for social organizations.²⁸⁰

Public organizations constitute competitors for social entrepreneurs²⁸¹, for example the field of education.

6.3.6 Traditional NPOs

Though there is a certain level of overlap between social entrepreneurs and traditional Non-Profit organizations in regard to mission and income generation, Lehner (2011) finds that the difference lies in the entrepreneurial spirit that traditional NPOs do not show.²⁸²

Traditional NPOs are also important providers of social services in Austria. In this study, only their involvement with social entrepreneurship is taken into account. In this respect, it is important to remark that in some cases, parts of a traditional NPO are economically active and could be socially entrepreneurial. For example, the *Caritas* is a large NPO and has several subunits, with some of them they provide products or services on the market, e.g. running restaurants.²⁸³ If these subunits could be categorized as social entrepreneurs has to be evaluated in each case.

Social entrepreneurs are partly collaborating with traditional NPOs, as in the case of *Footprint*, who works in strong interconnection with *Caritas* subunits²⁸⁴, and as in cases of *Ashoka* to avoid

²⁷⁶ For additional information see Appendix: Analysis of Involvement.

²⁷⁷ Interview Pühringer: 574-577; Interview Gruber: 698-700.

²⁷⁸ Fachkonferenz, Hundstorfer.

²⁷⁹ E-Mail information 2, Shirobokova: 10-30.

²⁸⁰ For additional information see Appendix: Analysis of Involvement.

²⁸¹ Interview Gruber: 801-802; Oldenburg 2009, p. 198.

²⁸² Lehner 2011, p. 75.

²⁸³ Telephone information, Straßegger, 02.05.2013.

²⁸⁴ Interview Lux: 120-122.

double work but take advantage of each other's infrastructure, access to target groups or knowledge.²⁸⁵

Traditional NPOs play an important role in the TRIGOS-CSR Award, since they are co-initiators. These are: *Caritas*, *Österreichisches Rotes Kreuz*, *SOS Kinderdorf*, *Diakonie*, *Umwelt Dachverband*, *Global 2000*. Representatives of these organizations are members of the award's jury. Another NPO is to be listed here according to the award analysis, of which the founding person Ute Bock is in the jury of the SIA award.²⁸⁶

6.3.7 Foundations

As Schneider et al. (2010) in their study on foundations in Austria found, Austria takes in an outstanding position compared to other European countries due to its foundations' little engagement in public interest. While 95% of German foundations have charitable purposes, only 20% of Austrians are found as charitable.²⁸⁷

Although the field of social foundations is underdeveloped in Austria²⁸⁸, the engagement of venture philanthropists and foundations is rising. A sign for that is the financial support of award competitions. Two foundations are initiators of social awards: the "Essl Social Prize" by *Essl Foundation* and the "SozialMarie" by *Unruhe Privatstiftung*. A third foundation is a partner of an award, which is the *ERSTE Stiftung* in the "Social Impact Award".²⁸⁹

Another fact for the increasing engagement is the formation of the association "sinnstifterinnen", which consists of six Austrian foundations: *ERSTE Stiftung*, *Essl Foundation*, *Rudolf Humer Privatstiftung*, *Schweighofer Privatstiftung*, *Turnauer Privatstiftung* and *Unruhe Privatstiftung*.²⁹⁰

In addition, foundations finance studies²⁹¹ and are partners of new initiatives: The *ERSTE Stiftung* is a partner of *Ashoka* and of the SIA- and Investment Ready-programs of *The Hub*.²⁹²

6.3.8 Research institutes

The most important research institute in the field is the NPO-Competence Center. It is an informative player for social entrepreneurship in Austria. It understands itself as bridge between practice and research in Non-Profit Management. The Center is located at the Vienna University of Business and Economics and is working on diverse topics concerning NPOs, also on behalf of organizations. As host of several events, like workshops, seminars, research dialogues, Jam Sessions, and the NPO-day, it informs people in the field.²⁹³ One of its core competences are Social Return on Investment (SROI) analyses.²⁹⁴ Connections to the Social economy can be found, for example, in the participation of a researcher of the NPO-Center at the Fachkonferenz of the *Verband Sozialwirtschaft*, holding a speech on the benefit of social economy

²⁸⁵ Oldenburg 2012, p. 3–4.

²⁸⁶ see Appendix: Analysis of Awards

²⁸⁷ Schneider et al. 2010, p. 3, 10.

²⁸⁸ Lehner 2011, pp. 70–71 ; Presentation Schön: Slide 18.

²⁸⁹ see Appendix: Analysis of Award Involvement

²⁹⁰ Foundations in Austria, Sinnstifterinnen, 26.05.2013.

²⁹¹ F.ex. Kesselring, Leitner 2008, on behalf of *Unruhe Privatstiftung*.

²⁹² See Appendix: Analysis of Involvement

²⁹³ NPO-Competence Center, Activities, 03.06.2013.

²⁹⁴ Fachkonferenz, Simsa: 72-74.

organizations for the Austrian economy. A connection with new initiatives is its engagement in the “Social Impact Award”. Beside this award, it is also involved in “Ideen gegen Armut”.²⁹⁵

Two minor involved research sites are the Center for Social Innovation (ZSI) in Vienna and the ACRN Center for Research Methodology in Social and Managerial Sciences²⁹⁶ in Enns. In one of the ZSI’s study on social innovation in enterprises²⁹⁷, it is referred to the significance of CSR and Social Entrepreneurship in recent times, as developments that intend and deliberately create social innovation.²⁹⁸ However, this is only a remark in the study, while innovation in for-profits with impact on the staff and projects of firms with impact on certain social groups outside the company were investigated. The topic of social entrepreneurship is so far not focused by the Center.²⁹⁹ The ACRN has one of four sites in Austria. One of its research interests is Social Entrepreneurship.³⁰⁰ The author of the study “Social Enterprises in Austria – A Triangulated Approach”, Dr. Lehner, is a central figure at this research institute. No further connections with social economy or new initiative organizations could be found.

Single academics from diverse places and institutes are taken into juries of award competitions. Details are contained in the Analysis of Awards, to be found in the appendix.

6.3.9 Comparison of involvement of “Social economy” and “New initiatives”

Since the second part of the results (chapter 6.4) focusses on frames of the categories Social economy and New initiatives, here a summary on different and similar involvements of these two key categories is given.

To recapture their similar positioning in the classification of involvement (as indicated in table 6-4), single organizations of both categories are providing social services. In regard to umbrella organizations, in both categories they support their members by enabling networks, doing advocacy work and being informative.

There is a need to clarify the topic of competition for the two categories. Though there are little differences, new initiatives and social economy organizations face similar competitors.

Competition:



Social economy organizations are in competition with organizations of the same category that provide the same services.³⁰¹ Due to a claimed innovativeness of social entrepreneurs’ services that goes into the direction of uniqueness,³⁰² Fellows of *Ashoka* seem to not be in competition with other *Ashoka* Fellows. However, *Ashoka* Fellows and new initiative organizations in general are in competition with social entrepreneurs beyond *Ashoka*, in the new initiative category as well as in the social economy category. For both categories competitors in the industry and the public sector can be found.³⁰³

²⁹⁵ See appendix: Analysis of Awards.

²⁹⁶ ACRN Research Center, General Information, 03.06.2013.

²⁹⁷ Kesselring, Leitner (2008): Social Innovation in Private Companies.

²⁹⁸ Ebd, p. 13-14.

²⁹⁹ Interview Kesselring.

³⁰⁰ ACRN Research Center, Social Entrepreneurship, 03.06.2013.

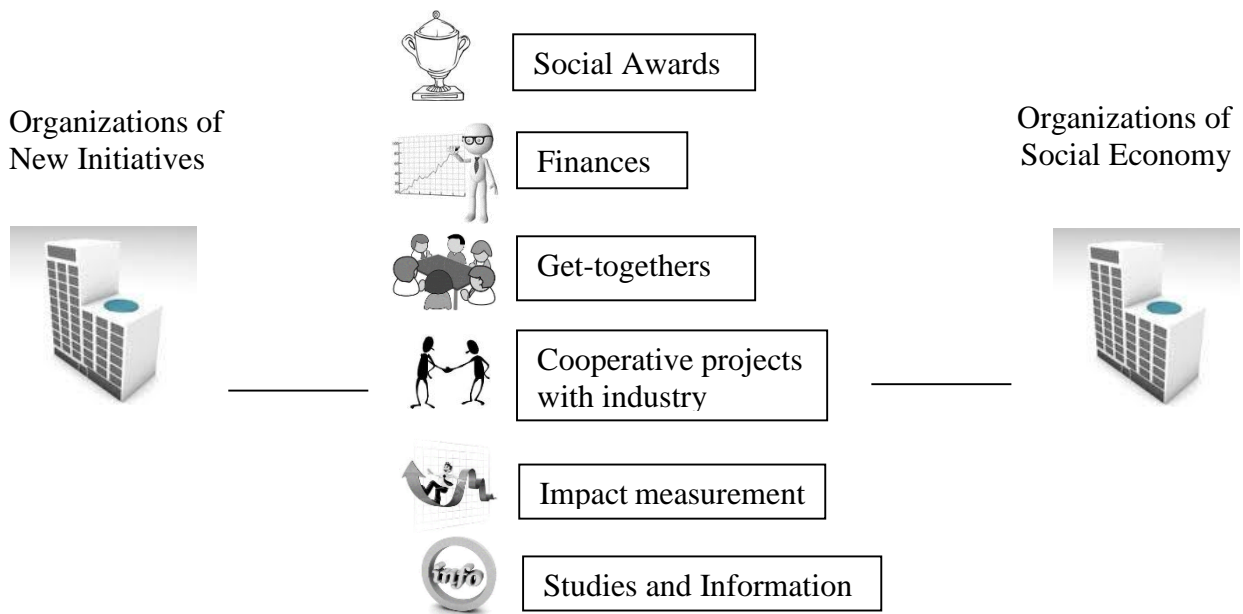
³⁰¹ Interview Gruber: 801-802.

³⁰² Interview Shirobokova: 162-167, and *Ashoka*’s Membership Criteria in *Ashoka* (2011), p.11.

³⁰³ Oldenburg 2009, p. 198; Interview Gruber: 801-802; Fachkonferenz Simsa: 156-158.

Getting involved with the same organizations

In addition to similar involvements, social services providing organizations have a large number of interrelations with the same organizations, which leads to an intermixture of the field of social entrepreneurs. The following illustration shows their similar connections with explanation below.



Representatives of umbrella organizations from both categories take part in the jury of awards.



The affiliate of *ERSTE BANK*, *good.bee*, is working with organizations of both categories, providing loans and support in business know-how for social organizations.



The Austrian Social Business Day, a recently started event for information and cooperation in the field, explicitly invites and addresses both.



Cooperative projects with for-profit companies emerge partly from the dialogue with the voluntary representative organization of for-profit organizations, the *IV*, that umbrella organizations of both categories pursue.



The measurement of social impact becomes an increasingly important issue for organizations of both categories. The performance indicator “Social Return On Investment” (SROI) is used, particularly by the NPO Competence Center³⁰⁴. An example of SROI application was presented at the Fachkonferenz of the *Verband Sozialwirtschaft*.³⁰⁵ *Ashoka* understands impact as a change of a system and is evaluating the impact of its members in the form of self-reporting questionnaires as outlined in the impact study of 2006³⁰⁶. Recently the “Social Reporting Standard”

³⁰⁴ NPO Competence Center, SROI Analysis, 21.06.2013.

³⁰⁵ Fachkonferenz, Ondricek/Schober/Hengstberger.

³⁰⁶ Ashoka (2006), p. 3-6.

(SRS) was developed by *Ashoka* that is introduced to evaluate the impact of both Fellows and *Ashoka* itself.³⁰⁷



The NPO-Competence Centre combines the two categories of actors and their differences by dealing with topics relevant for both. On the one hand, its researchers are invited as speaker at the Fachkonferenz of the *Verband Sozialwirtschaft* and they issue studies on the NPO sector in Austria³⁰⁸. On the other hand, it hosts events in the *Hub* (e.g. “Genossenschaft als Modell for NPOs und Social Entrepreneurs”, 15.03.2013³⁰⁹) and deals with topics that are connected to *Ashoka* and the *Hub* and new for the Austrian sector, such as social impact bonds³¹⁰ and social investment³¹¹. The topic of NPOs’ relationship to the State and the economy, their diverse roles and interlinkages was also addressed by the NPO Competence Center in 2012.³¹²

Differences in support of umbrella organizations

The comparison shows differences in two ways of the umbrella organizations’ involvement: the financial support and their extent of advocating for members (also indicated in table 6-4.)

Financial support:



Umbrella organizations of both social service providing categories show the same involvement except for one aspect. While *Ashoka* is additionally financially supportive when affiliating a new member³¹³, umbrella organizations of the Austrian social economy would not have the means for financial support.³¹⁴

Advocacy:



Although umbrella organizations of both categories advocate for their members, the extent seems to be significantly higher for the Social economy because it is their core competency. Umbrella organizations of New Initiatives, on the contrary, focus on establishing relationships and supporting members in management abilities and business models.

³⁰⁷ Ashoka Germany, Social Reporting Standard, 02.08.2013.

³⁰⁸ See chapter 4.3.1

³⁰⁹ NPO Competence Center, Event on Cooperatives as legal form for NPOs and Social Entrepreneurs, 22.05.2013.

³¹⁰ NPO Competence Center, Event on Social Impact Bonds, 22.05.2013.

³¹¹ NPO Competence Center, Event on Social Investment, 22.05.2013.

³¹² NPO Competence Center, Event on Cooperation between 3 sectors, 22.05.2013.

³¹³ Ashoka Austria, Activities, 17.06.2013.

³¹⁴ The *bdv* is a very small organizations, consisting of 3 employees plus the board, which encompasses representatives of the nine regional networks. The *Verband Sozialwirtschaft* receives membership fees.

6.4 Results on framing of the issue

As defined in chapter 5.4, the term “framing” denotes systems of interpretation that guide behavior. The issue, how social services should be provided, is influenced by the actors’ perspectives and values. I use two sources of data for assessing the frames of the categories Social economy and New initiatives: criteria used in awards and the work of umbrella organizations.

6.4.1 Awards as indicator

Awards on social topics have increased in recent years. Figure 6-5 depicts the timeline of starting points of currently held awards in the social sector.

As a mean of fostering and supporting organizations, single persons or projects, awards can function as guidance and as direction for development. An analysis of which criteria declare a project as possible to submit to the competition and which criteria are used to find the winner, therefore signify a “good” project, gives insights into how the issue of social service provision is influenced by awards.

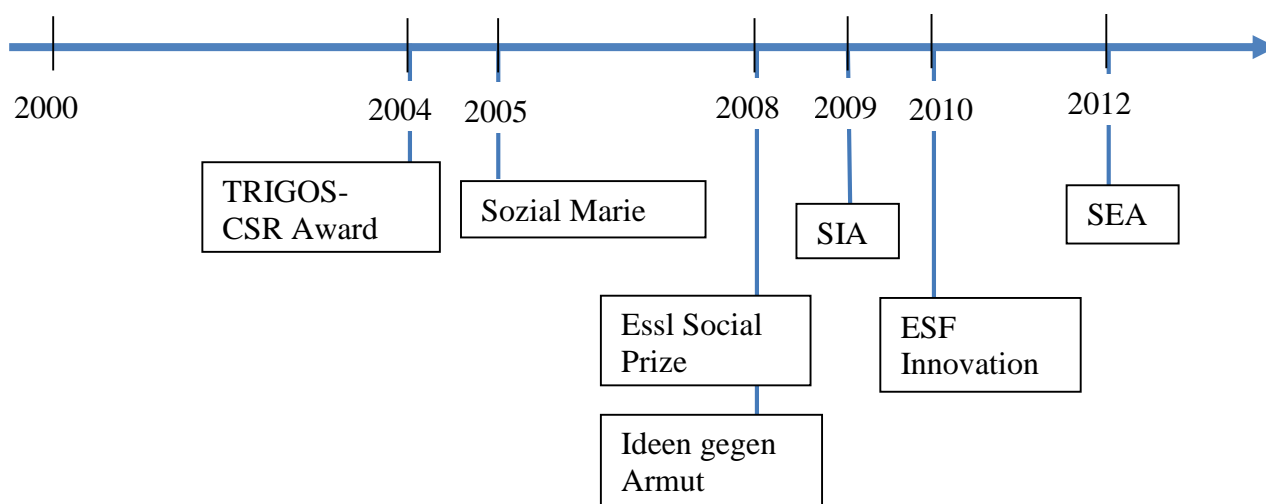


Figure 6-5: Timeline of awards’ starting points

As in the previous section assigned to the categories of actors, these seven social awards are initiated from organizations of all three sectors and different categories of actors. Here awards are listed according to their initiators:

- State/EU: ESF-Innovation Award
- New initiatives: Social Impact Award (SIA) (founded by a research institute, executed now by a new initiative)
- Foundations: SozialMarie, Essl Social Prize
- Industry in cooperation with NPOs: TRIGOS - CSR Award
- Industry: Sustainable Entrepreneurship Award (SEA), Ideen gegen Armut

All categories except for Social economy are founders/executors of awards. The involvement of different actors in awards, be it as initiators, as partners, sponsors or in the jury, results in an intermixture of the field.

Two types of criteria are used in awards: participation and evaluation criteria.

First, award regulations request for certain participation criteria like who is allowed to submit and the state of progress the project should be in. I found that in total a diverse field of addressees is covered. Organizations allowed to participate are NGOs, NPOs, associations, civil society initiatives, social businesses, for-profit companies, and public institutions. Most function on a submission basis, while one (Essl Social Prize) is nominating their candidates.

Participation criteria	
(type of organization, topic, others)	
Essl Social Prize	Nominates the candidates.
SozialMarie	Includes all kinds of above mentioned organizations and has no restriction of topics.
Ideen gegen Armut	Excludes public organizations and political parties and is directed only towards projects in the field of poverty prevention and reduction.
SIA	Specifically addresses students (the team has to consist of 50% students).
ESF	Is limited to projects that are financed by the ESF and deal with issues of education and work.
SEA	Addresses only for-profit companies, which are nationally and internationally operating.
TRIGOS – CSR Award	Is restricted to for-profits that are members of the WKO, except for the category “Social entrepreneurship”, where a membership is not obligatory. The category “Best partnership” addresses NGOs, public organizations and social entrepreneurs as partners in projects with for-profits.

Figure 6-6: Participation criteria of Awards³¹⁵

Second, evaluation criteria are used to find out the best project and award the winner. Analysis showed that some evaluation criteria appear in many award competitions. In the following, they are listed according to their frequency. For each criterion it is indicated by which awards it is used.

All award competitions judge projects due to their:

1. Innovativeness in addressing a social problem (innovation in the idea, the realization and/or the target groups)
2. Benefit for the target group

³¹⁵ See Appendix: Analysis of Award Specifications

Also important are:

3. Business model, including: strategy, finance/budgeting, entrepreneurial way of realizing the idea, methods, efficiency, feasibility
(Judged in: SIA, Ideen gegen Armut, ESF Innovation Award, TRIGOS (category: Social Entrepreneurship).)
4. Applicability to other settings, Development possibilities
(Judged in: Essl Social Prize, SEA, TRIGOS (category: Social Entrepreneurship).)
5. Role model effects
(Judged in: Essl Social Prize, SEA, TRIGOS (category: Social Entrepreneurship).)
6. Effects on others, the society, and/or the environment
(Judged in: SozialMarie, TRIGOS-CSR Award (all categories).)
7. Sustainability
(Judged in: Essl Social Prize, SEA.)

Minor often judged but appearing are:

8. Female entrepreneurship
(Judged in: Ideen gegen Armut.)
9. Incorporation of a project into the company's strategy, Benefit for the own business – valid for for-profits
(Judged in: SEA, TRIGOS (categories: Holistic CSR Engagement and Best Partnership.)³¹⁶)



This overview reveals the importance of innovation in social projects since it is fostered by all of the awards and therefore gives a direction to the field as a whole. The issue of how social services should be provided, as answered from awards, is by using innovation and achieving benefit for certain social groups. Beyond these criteria, a business model is needed to provide social services, social services should in some cases be applicable to other settings, be a role model for others, have effects on others beyond the target group and be sustainable.

6.4.2 Work of umbrella organizations as indicator

An analysis of umbrella organizations' goals and for what they engage, leads to insights on how they frame the issue. Since umbrella organizations speak on behalf of their members, this section opens up details on views and perceptions of social service providing organizations in general. Similarities and differences of social services providing organizations' frames are worked out.

In Austria two dominant frames are held by social service providers. Both show a strong tendency for one kind of how social services should be provided (by State support or by economic sufficiency) but also traits of the other understanding can be found in each.

The following illustration indicates the background frames of the two collectives of social services providing organizations and summarizes their similarities (written in blue) and

³¹⁶ See Appendix: Analysis of Award Specifications

differences. At the bottom of the illustration, their distinct influence on the issue is presented with arrows.

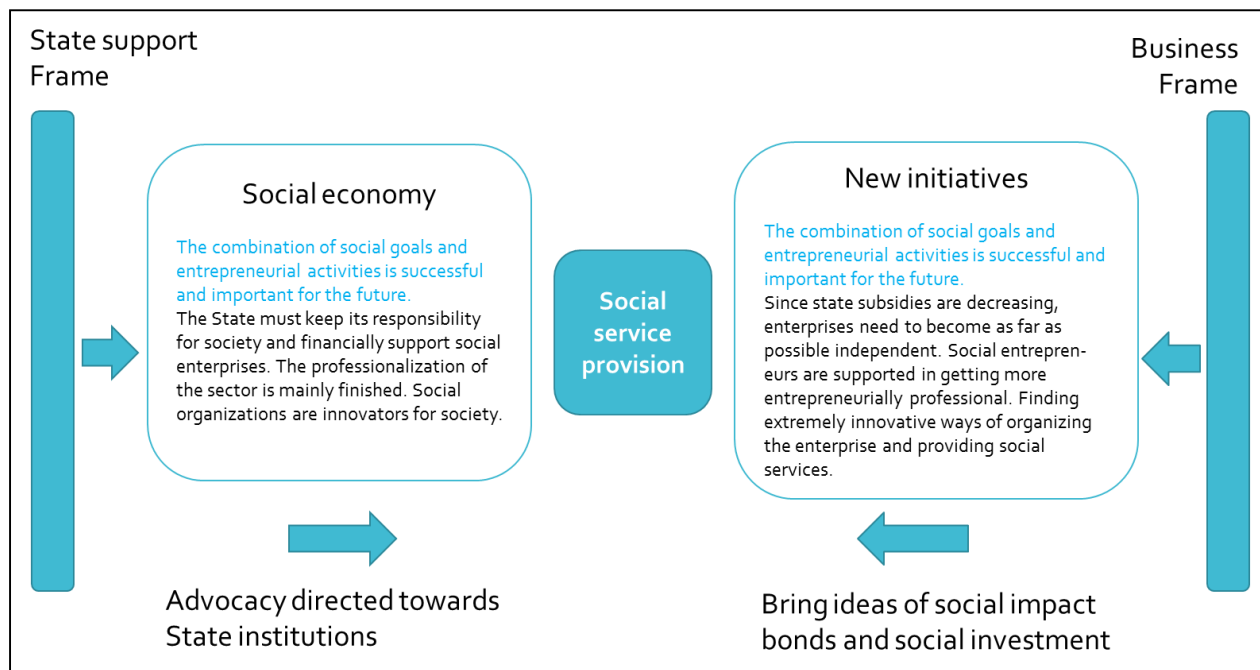


Figure 6-7: Frames of the two collectives of social service providers, similarities and differences

6.4.2.1 Social Economy

The primary goals of the two umbrella organizations for social economy organizations in Austria³¹⁷ are to bundle and concentrate their members' voices and represent their interests, in other words doing lobbying and advocacy work primarily directed towards the State and its governing bodies, and to provide a network for information exchange. They also function as information mediator between their members and the State.³¹⁸

While the *bdv* is also actively engaged in European politics³¹⁹, the *Verband Sozialwirtschaft* does not focus European networking at the moment³²⁰.

The social sector has developed unstructured compared to the economic branches represented by the *WKO*³²¹, thus it is not perceived in Austria as an economic branch. This background leads the *Verband Sozialwirtschaft* to its objective of establishing a social branch.³²²

The terms "social entrepreneur" and "social entrepreneurship" are not used by the umbrella organizations to refer to their members. However, having clarified the definition, they agree that, at least some of, their members show these characteristics.³²³

³¹⁷ *Verband Sozialwirtschaft* and *Bundesdachverband für Soziale Unternehmen (bdv)*

³¹⁸ Interview Pühringer: 542-544, 578-593; Interview Gruber: 744-746.

³¹⁹ Interview Pühringer: 560-571, 940-948.

³²⁰ Interview Gruber: 896-904.

³²¹ Interview Gruber: 856-858.

³²² Interview Gruber: 896-904.

³²³ Interview Vollmann: 21-25; Interview Pühringer: 640-645; Interview Gruber: 232-248.

Cooperation

Partly social economy representatives are perceiving cooperative projects of social entrepreneurs and for-profit companies as critical, doubting in the motives of for-profits. There is also no focus on enhancing cooperation.³²⁴ The other part is believing in the need for cooperation³²⁵ but still differentiates between loose sponsoring and long-term dedicated projects with for-profits³²⁶. There are also organizations who even bind the functioning of social entrepreneurship to cooperation. Including others into the co-financing of a social project does not only give you more principals but also cooperation-partners, which is seen as resulting in benefits for the project.³²⁷

State relation

There is an intense collaboration with public institutions. Social economy representatives are strongly engaging in keeping and enlarging the public budget for social services. The opinion that social entrepreneurship does not function and should not be pursued without public money persists. It is a duty of the Social State to provide money for social services.³²⁸ In addition, the *bdv* sees some other possible investors, particularly to make innovation possible, like foundations or the EU with its Social Business Initiative.³²⁹

Subventions are needed to be able to experiment and innovate. The exclusive orientation on market activities and the intention to finance activities on one's own, is perceived as the wrong way, since it will not allow space for change.³³⁰

Social economy organizations demand from the State that public institutions will continue to ensure financial and political means which are needed for the provision of social services, in order to guarantee quality in social organizations. They want to participate as partners in decisions concerning conditions of social organizations.³³¹

Innovation

To work future oriented is seen as very important, even if it entails no support by public institutions or companies because they do not see the need. Then the right time needs to be awaited. If supporters realize the need, they are willing to cooperate. And social entrepreneurs very often early realize and know societal needs and also needs in companies.³³² Though financed to a great extent by public means, social entrepreneurs provide the direction in which social services need to develop, they work future-oriented and trigger innovations in social services, as formulated by Erich Fenninger: "...die Denke wohin sich soziale Arbeit oder Pflegearbeit hinentwickeln soll oder muss, geht von Nonprofit-Organisationen aus".³³³

It is a distinctive difference of social enterprises to for-profit companies that for-profits try to find a product or service where a market demand is, and maximize profits. Social enterprises try to trigger changes in society with their work. While creating solutions (products or services) they initiate a change of mindsets by involving different stakeholders.³³⁴ For example the

³²⁴ Interview Gruber: 783-825.

³²⁵ Interview Pühringer: 390-404.

³²⁶ Interview Pühringer: 129-133.

³²⁷ Interview Vollmann: 210-218.

³²⁸ Interview Vollmann: 127-140; Gruber: 428-435; Pühringer: 483-494.

³²⁹ Interview Pühringer: 458-464.

³³⁰ Interview Vollmann: 427-434.

³³¹ Fachkonferenz Fenninger/Marschitz: 190-198.

³³² Interview Vollmann: 109-117.

³³³ Fachkonferenz Fenninger/Marschitz: 83-92.

³³⁴ Interview Gruber: 236-242; Interview Vollmann: 410-417.

product “Roadmap Karenzmanagement” that the organization *abz*austria* sold to companies, is not only a solution to dealing with maternity leaves in companies but also creates a change of the organizations’ culture.³³⁵

Social innovation is not only envisioned by social entrepreneurs or emerges from reactions to new trends³³⁶, but is also demanded from financiers, like this quotation of the managing director of *Verband Sozialwirtschaft* shows: ”Ich behaupte sowohl im Bereich der Kinder- und Jugendwohlfahrt, der Behindertenarbeit, der arbeitsmarktpolitischen Arbeit bis hin zu den Pflegeeinrichtungen..., in jedem Fall ist es notwendig, dass sie im gemeinnützigen Bereich unheimlich innovativ sind. Weil die Fördergeber in der Regel neue Entwicklungen eher begünstigend beauftragen als alte Hütte.“³³⁷

One social entrepreneur draws attention to the importance of systems and the inputs, claims and needs of diverse interest groups in the process of generating social innovation. This differentiates social organizations from for-profits, who, roughly speaking, create solutions to market demands, and not consider diverse perspectives: “Rahmenbedingungen und Systeme müssen mitberücksichtigt werden, sonst kann ich nicht sozial innovativ sein. Ich kann nicht nur die Lösung im Fokus haben. Natürlich will ich Antworten geben, aber ich muss diese Antworten aus einer Vielzahl von Inputs generieren, und nicht wie ein Profit-Unternehmen, das sieht eine Marktlücke und macht einen Businessplan dazu ... Und da ist der Unterschied, soziale Unternehmen sind interessiert auch auf dem Weg eine Lösung zu finden schon Veränderungen zu generieren, und das ist, finde ich, auch das Spannende.“³³⁸

Management abilities

Social organizations are perceived as working efficiently and having their finances well organized. A transformation of the social sector towards managerial professionalism has taken place. As the managing director of the umbrella organization *bdv* puts it: “Und es war so dieses Thema, der ganze Sektor muss sich professionalisieren, muss betriebswirtschaftlicher ticken und so weiter, und ich hab so das Gefühl, manche glauben immer noch, dass das so das Thema ist. Aber viele soziale Unternehmen sagen, lasst uns in Ruh damit, wir sind sehr effizient, wir sind gut betriebswirtschaftlich aufgestellt, aber wir finden nicht die Rahmenbedingungen vor wirklich als Unternehmer/in arbeiten zu können.”³³⁹

This professionalized work in regard to proper business models is affirmed by the managing director of the umbrella organization *Verband Sozialwirtschaft* and a managing director of the field.³⁴⁰

A scholar emphasizing trends in the social sector, does not identify the reason for social organizations being under pressure in underdeveloped management abilities, at least not as a main reason. Developments in our society responsible for that pressure are the economization and high importance of money, the deregulation and negative image of the social state, limited public budgets, increasing demand for social services and increasing competition.³⁴¹

³³⁵ Interview Vollmann: 440-447.

³³⁶ See also 6.5.2.

³³⁷ Interview Gruber: 289-294.

³³⁸ Interview Vollman: 405-415.

³³⁹ Interview Pühringer: 38-43.

³⁴⁰ Interview Gruber: 312-324; Fachkonferenz Hacker: 20-25.

³⁴¹ Fachkonferenz Simsa: 66-71.

Perception of new initiatives

While new initiatives seem to not fully have reached all³⁴², they are known by most players in the social sector.³⁴³ Their contribution in regard to create more social enterprises and start-ups in the last years is appreciated.³⁴⁴ However, critique in regard to the demand for self-sufficiency is expressed, since, as referred to before, the state should stay in responsibility and public money is needed for social services. Social services providing organizations should be careful to not depend too much on market developments and investors.³⁴⁵

Social economy organizations respect social entrepreneurs working on a profit model, and also for-profit organizations in the social field, for their contributions. However, they plead for unequal treatment criteria, for example, in direct competitions in public tenders.³⁴⁶

Competition

Interviews revealed competitive surroundings among non-profit organizations as well as between non-profit and for-profit organizations that offer the same social service.³⁴⁷ As the managing director of a large social organization at the conference of the network *Verband Sozialwirtschaft* puts it: “Wir haben auch als Sozialwirtschaft Österreich und als Träger keine Scheu vor Wettbewerb, sonst bräuchten wir ja nicht so viele verschiedene Träger sein, allerdings geht’s um faire und an der Wirkung orientierte Rahmenbedingungen”³⁴⁸

Perception of problems and potential solutions

Public money spent on social services is stagnating or decreasing. A strong and self-conscious civil society with its social organizations is needed which communicates its value and its contribution to society.³⁴⁹

Cooperation within the sector and between social organizations and the industry sector needs to be increased. Within the sector, the competition for public money and an unorganized development led to a situation of everyone fighting on their own.³⁵⁰ Since for-profits often perceive social organizations as competitors, fear needs to be reduced in the industry sector and social organizations need to be approved as cooperative partners and as sources of know-how in their specific areas.³⁵¹

Legal conditions need to be adapted in Austria. Laws specifically for social enterprises should be established like in other European states, where social enterprises have a specific legal status and legal security.³⁵²

Regulations should get debureaucratized in order to give more entrepreneurial freedom to social organizations. For instance, regulations say that profits of work integration social enterprises (WISE) have to be given back to the AMS, which is the institution that is coordinating subventions from the state for them. This means enterprises cannot plan and save money for

³⁴² Not familiar to the head of the *Verband Sozialwirtschaft*. Interview Gruber: 458.

³⁴³ Interview Weidel, Interview Pühringer, Interview Vollmann.

³⁴⁴ Interview Pühringer: 473-478.

³⁴⁵ Interview Pühringer: 483-494; Vollmann: 127-140.

³⁴⁶ Fachkonferenz Simsa: 156-174.

³⁴⁷ Interview Gruber: 801-802; Fachkonferenz Simsa: 156 - on the trend of increased competition with for-profits during the last 10 years.

³⁴⁸ Fachkonferenz Fenninger/Maschitz: 10-12.

³⁴⁹ Fachkonferenz Simsa: 201-204; Fachkonferenz Gruber: 150; Fachkonferenz Fenninger/Marschitz: 200-201.

³⁵⁰ Interview Weidel 721-727; Gruber: 856-858.

³⁵¹ Interview Pühringer: 390-404.

³⁵² Interview Pühringer: 409-421.

future investments. Another adaptation for more entrepreneurial freedom would be to enlarge the period for which subsidies are guaranteed. The period, now one year, could be changed into frame contracts that last for 3 or 5 years.³⁵³ This request has already been put forward in 2004.³⁵⁴

Debureaucratization further means a reduction of administrative work and a widening of ranges for operating figures and performance measure. This is needed in order to create space for innovation. Strategic and future-directed thoughts are not possible when administrative daily work is too large.³⁵⁵

The privatization of social services, how it is intended to be fostered by the European Union, will cause a deterioration in quality and sustainability of social services in the processes of tenders.³⁵⁶

6.4.2.2 New Initiatives

As outlined in chapter 6.3.1, new initiatives³⁵⁷ core activities are to support social entrepreneurs by connecting them with business people and potential investors, by fostering their management abilities and providing a network for know-how exchange.

New initiatives have always used the terms “social entrepreneur” and “social entrepreneurship”³⁵⁸, and they also realize that there are a lot of them beyond the members of their umbrella organizations.³⁵⁹

State relation

New initiatives’ understanding of social entrepreneurship is based on financial self-sufficiency.³⁶⁰ *Ashoka*’s intention is to make its Fellows as far as possible independent from state subsidies and financially sustainable.³⁶¹ Despite of that, *Ashoka* is aware of the fact that some social services that work with certain groups are not possible without state support.³⁶² Also social entrepreneurs apply for state subsidies.³⁶³

Ashoka is familiar with alternative concepts of how a state can financially support social organizations.³⁶⁴ The concept of social impact bonds, developed by the UK-based organization *Social Finance*, is a solution to governments’ limited budgets. A bond-issuing organization promises social outcome to public institutions, who in return agree on a payment for future cost savings achieved by these social services. However, the government only reimburses in retrospect. Based on this contract, the bond intermediary searches for social investors who give the money in advance, enabling social service providers to cover operating costs. After the service is delivered and its social impact is measured, social investors receive the payment from the government, potentially with an interest.³⁶⁵

³⁵³ Interview Pühringer: 425-438.

³⁵⁴ Heitzmann (2004), p. 64.

³⁵⁵ Interview Pühringer: 438-454.

³⁵⁶ Interview Gruber: 650-666.

³⁵⁷ taking *Ashoka* and *The Hub* as representatives of New Initiatives

³⁵⁸ *Ashoka*, Mission, 10.08.2013.

³⁵⁹ Oldenburg 2009, p. 197

³⁶⁰ Interview Lux: 136-152; Shirobokova: 2-8.

³⁶¹ Interview Shirobokova: 2-8.

³⁶² Interview Shirobokova: 250-272.

³⁶³ Interview Lux: 148-149; 158-163.

³⁶⁴ Interview Shirobokova: 260-270.

³⁶⁵ Social Impact Bonds, 21.06.2013.

Social organizations need training in management abilities

Ashoka particularly fosters the entrepreneurial development of its members. It assesses social organizations or third sector organizations as having a lack of business knowledge and abilities, therefore a lot of work is put into establishing connections with top business executives. Fellows can improve and “professionalize their work”³⁶⁶ when meeting business executives, venture capitalists and receiving pro-bono services from international partners of *Ashoka*.³⁶⁷

Cooperation

Collaboration is regarded as very important by *Ashoka*, in the group³⁶⁸ as well as in Austria³⁶⁹, which should be established between social entrepreneurs, the states and business entrepreneurs.

The head of *Ashoka* Germany emphasizes the importance of collaboration in regard to avoiding the difficult way of doing one’s mission on one’s own. Taking advantage of other organizations’ paths already built and cooperating is essential to achieve an impact.³⁷⁰ This is comparable to the theoretical description of social entrepreneurs’ characteristics in 2.1.2, where Austin (2006) and Trivedi and Stokols (2011) define social entrepreneurs as value creators beyond organizational boundaries.

Innovation

The topic of innovation is central in *Ashoka*’s idea of social entrepreneurship. A consultant at *Ashoka Austria* emphasizes that in contrast to umbrella organizations of the social economy, “We are doing a different thing than them, because we are looking for innovative social entrepreneurs. They [umbrella organizations of the social economy] very often unite organizations that are doing great work but they are often similar to each other,...”.³⁷¹ *Ashoka* is searching for different models of businesses that use innovative - in a sense of unique - ways.

The criteria claimed from members related to innovative aspects are formulated as “Does this individual have a vision of how he or she can meet some human need better than it has been addressed before?” and “We evaluate the idea historically and against its contemporaries in the field, looking for innovation and the potential for lasting change.”.³⁷²

Perception of Problems

Ashoka Austria representatives perceive a potential for improvement of social entrepreneurs’ conditions in Austria in the area of financing. Start-up financing for social entrepreneurs is limited and not adapted to their need, as well as there is very limited access to follow-up financing. Further, new initiatives organizations have disadvantages in the competition for public money. Access is not always possible and a lot of social entrepreneurs refuse public subventions. Criteria in tenders are very precisely defined and underlie non-transparent procedures. In regard to legal regulations, there are not yet adaptations for social entrepreneurs.

³⁶⁶ Interview Shirobokova: 60

³⁶⁷ Interview Shirobokova: 16-17, 39-62.

³⁶⁸ Drayton 2006, pp. 50-55

³⁶⁹ Interview Shirobokova: 268-271; *Ashoka Austria, Activities*, 17.06.2013.

³⁷⁰ Oldenburg 2012, pp. 3-4

³⁷¹ Interview Shirobokova: 163-166.

³⁷² *Ashoka* (2011), p. 11.

In order to spread their idea, new initiatives organizations need more options for interaction with potential imitators of social entrepreneurs' concepts. There is a little amount of start-ups in the social sector. The infrastructure for it is developing now.

Since the labor market for social entrepreneurship is very young in Austria, it is difficult to find appropriate employees. Moreover, a career in the social sector is not having a good reputation in Austria.

New initiative perceive management abilities as limited. Social entrepreneurs need support with their business models, which is, for example, only seldom entailed in the service of venture capital. In regard to the measurement of social impact, improvement is needed in order to make it take place nation-wide and communicate it intensively.³⁷³

6.4.3 Summary

As outlined in 6.4.2, there are two dominant frames of how social services should be provided in Austria. The first is the frame of social economy organizations. Their opinion is influenced by an understanding of the state as responsible for social services. Though not exclusively, social economy organizations provide social services on behalf of the Austrian State. In exchange they receive subventions regulated by grant contracts. The State being involved in social services is perceived as important and as main source of income. Besides, professionalization in terms of management abilities has taken place and organizations are caring about well-functioning business models and perceive them as necessary for being sustainable. Their organizations are seen as drivers of innovation in social services.

The second frame is represented by new initiative organizations. Their opinion is built on the perception of little or regressing state support that makes them striving for self-sufficiency. Working economically professional and developing a profound business model are in clear focus of these organizations. Therefore support in this aspect and in establishing relationships to for-profits and financiers is provided from umbrella organizations. Though new initiative organizations intend financial independency, they think that some social services are not possible to realize without state support, and social entrepreneurs also apply for subsidies. Coming up with innovative solutions to social problems or innovative business models that are distinct to other organizations' ways are key criteria for new initiative organizations.

The following table explicitly opposes the before developed key topics that differentiate the two frames and presents the result of these frames as influence on the issue:

	Social Economy	New Initiatives
Background frame	State support is needed for providing social services.	Business methods are used to become financially independent.
Innovation	Social organizations are key innovators for the social sector, driving the change for the development of social services.	Social entrepreneurship is understood as finding innovative ways to address social needs. These should be different to already used ways.

³⁷³ Oldenburg 2012, pp. 1–3 ; Eco-and Social Entrepreneurship Day, Presentation Schön, slide 18-19.

Managerial abilities	Professionalization is mainly finished.	Social entrepreneurs need support in building business models and finding investors.
Perception of problems	State support must not shrink. Legal adaptations for social entrepreneurs have to be made. A debureaucratization would enlarge the enterprises' entrepreneurial freedom.	The infrastructure for financing social organizations is underdeveloped. Legal adaptation for social entrepreneurs have to be made. The idea needs to be spread in order to find imitators and employees.
		
Main influence on the issue	Advocacy for the improvement of legal conditions and financial support is directed towards State institutions.	The organizations foster ideas of social investment and social impact bonds.

Figure 6-8: Differences in frames of the two collectives of organizations

6.5 Further Results

6.5.1 Need for clarification within the field

Inside the sector, clarification about the positioning of social economy organizations is also needed, particularly a demarcation from new initiatives' organizations that enter Austria. The *bdv* held a so called "Future Congress" on this topic in 2012.³⁷⁴

Since there is no established social branch, the social economy is struggling to unite, define and position itself. A transformation of social organizations' self-image is taking place making them more secure in demanding their position in front of the State.³⁷⁵ It is demanded to become more self-conscious and make visible what social economy organizations' contribute to Austria economy and how professionalized they are.³⁷⁶

6.5.2 Trends perceived in the field

Changes in society: In general, there is a disproportionately high increase in demand for all kinds of social services.³⁷⁷ The trend of an ageing society and extended working time is attended by social organizations and solutions are provided.³⁷⁸ Also new social needs arise, particularly in the fields of psychic matters and children care.³⁷⁹

State support: The trend of budget cutbacks and stagnating or decreasing public money is persisting.³⁸⁰

Visibility of social organizations: There is growing consciousness about the need for sustainable business models, triggered by the economic crisis. This is one reason for social enterprises being more perceived and appreciated at the moment.³⁸¹ A change in the perception of the social economy is happening now. The image alters from charity and more in the direction of just working with the poor and the crippled, into an image of an important sector of economy and relevant for the labor market, with direct and indirect benefits for society and for economy.³⁸²

Cooperation in the field: Civil society organizations and social organizations become more open for cooperation. This is partly due to the influence of the EU and the decreasing public subventions. The *NeSoVe* is very open and incorporating all groups, this way fostering cooperation in the field.³⁸³

³⁷⁴ Interview Pühringer: 102-111.

³⁷⁵ Interview Pühringer: 892-900.

³⁷⁶ Fachkonferenz Hacker: 10-20; Fachkonferenz Fenninger/Maschitz: 199-200.

³⁷⁷ Interview Gruber: 52-57, 380-381; Fachkonferenz Simsa: 148-154.

³⁷⁸ Interview Pühringer: 261-268.

³⁷⁹ Interview Gruber: 384-390, 626-629.

³⁸⁰ Interview Gruber: 337-340; Fachkonferenz Simsa: 125-132.

³⁸¹ Interview Pühringer: 63-75.

³⁸² Fachkonferenz Hacker: 1-19.

³⁸³ Interview Weidel: 322-328, 354-362, 611.

7 Conclusion

Social entrepreneurship is on the rise, in research as well as in practice. The literature review highlights the concept's basic characteristics, the practical part delivers insights into the field in Austria.

Social entrepreneurial organizations are directed by social goals which are achieved with market activities. The term entrepreneur further describes individuals with certain mind-sets that innovatively identify opportunities and drive change. The organizations are located in the third sector, which emerged in the 20th century. In the third sector, the European concept of the social economy and the US concept of non-profit organizations are parallel developments that created slightly different organizations. They operate along blurred frontiers to the public and the for-profit sector. Social entrepreneurial values are defined by an integration of the economic and the social rationality, and high ethical capital.

Institutional Theory delivers the construct of the organizational field, which is applied to the Austrian field of social entrepreneurship. The thesis contributes to social entrepreneurship research by comparing two categories of actors in the field that provide social services but have different self-concepts and frames.

There are eight categories of actors involved in the field of social entrepreneurship in Austria, of which two (New Initiatives and Social Economy) are actively providing social services as social entrepreneurs. Although organizations of the two categories and their umbrella organizations are, apart from minor deviations, similarly involved in the field, differences in their frames are found.

The analysis of involvement has shown that the field of social entrepreneurial organizations from both categories has started to mix in six areas: the participation and the juries of social awards, in contact with providers of financial resources, events as meeting opportunities, cooperation with for-profits and dialogues with their representative organization, the introduction of social impact measurement methods, and a research institute that deals with topics relevant for both.

The background of the two categories' frames of how social services should be provided relies on two perspectives: while Social Economy organizations see state support as essential for social services, New Initiatives try to get financially independent by increased business methods. The different backgrounds cause varying understandings of their services' innovativeness, the stage of development of their managerial abilities and their perceptions of problems: While the Social Economy understands its services as innovative for society, meeting new trends and needs, New Initiatives strive to come up with business models that innovative in a sense of unique. In regard to managerial abilities, the Social Economy defines itself as having undergone a phase of professionalization that is mainly finished, whereas New Initiatives concentrate on providing support in business issues to social entrepreneurs. Problems are identified by the Social Economy in the little entrepreneurial freedom for social entrepreneurial organizations and the risk of decreasing financial support from the State. New Initiatives on the other hand, notice potentials for improvement in the infrastructure for financing social entrepreneurial organizations and the spreading of the idea. Both advocate for legal changes that take the model of social entrepreneurship into account.

As a consequence of these different frames, Social Economy organizations influence the issue by engaging for strong advocacy directed towards the State and New Initiative organizations bring ideas of social investment and social impact bonds into the field.

Since the entrances of umbrella organizations of New Initiatives are recent developments, the field of social entrepreneurship is in a process of expansion and redefinition at the moment. Social awards contribute to the visibility of social organizations from both categories and to an intermixture of categories of actors in juries, as initiators and in the participation in awards. They influence the framing of the issue by evaluating and therefore fostering the following criteria: innovativeness, the benefit for the target group, business models, the applicability to other settings, role model effects, effects on others and sustainability.

Hoffmann (1999) describes organizational fields as “centers of debates in which competing interests negotiate over issue interpretation”³⁸⁴. There is no direct confrontation in Austria between the two categories on how social services should be provided. Instead actors of both categories appreciate the work of one another and hint at possible problems of the other one’s model. In the future, a debate could arise on the issue, in how far business methods go along with social goals and where the boundary should be.

Limitations

Since this is a field analysis, the possibility that not the whole field has been reached persists. The chosen indicators for frames (award criteria and work of umbrella organizations) may not cover all opinions held in the field. Future research with different indicators could bring insights that entail the need for adaptations of these findings.

Interviews have been focused on social entrepreneurs and their umbrella organizations. This is essential for capturing their frames. However, additional interviews with representatives of the other categories could underline the results or extend them, for example when identifying additional ways of involvement.

³⁸⁴ Hoffmann 1999, pp. 351–352.

8 Discussion

The concept of social entrepreneurship has been successful in the past and will be even more needed in the future in order to balance market failures, insufficient state allocation of social services and the society pervading paradigm of money.

There are two kinds of social entrepreneurial organizations in Austria: the longer existing “Social Economy” and the recently entered “New Initiatives”. Although social entrepreneurs of the social economy have been operating for a longer time, with New Initiatives and social awards the whole field will get more visibility in society. In my point of view, more visibility and appreciation of social entrepreneurs’ work in society is needed.

In my opinion, the different influence of the two categories on the issue will generate productive outcomes. While the Social Economy advocates for State support, New Initiatives focus cooperation with for-profits and bring ideas of social investment and social impact bonds. If organizations get influenced from both sides and succeed in combining the two frames advantageously, they will not risk to depend either too much on State support or on market forces, since each one could lead to an unsustainable organization.

Contribution to literature

Results contribute to social entrepreneurship research by identifying relevant actors in the field of social entrepreneurship in Austria. The ways of involvement of eight identified categories of actors are shown. The categories that are active in providing social services are examined in more detail. It is worked out, how their frames differentiate and how they influence the issue of how social services should be provided. This has not been studied before for Austria.

Findings contribute to institutional theory by the application of the construct of organizational field to the field of social entrepreneurship in Austria. The field is grounded on interrelations of actors and on competing interests. The connections of six categories of actors to the two categories of social service providers, referred to as “involvement in the field”, are worked out. Interests and frames were studied for the two social service providing categories. These only partly compete, which has not resulted in an open debate (yet).

Future research

Future research is needed to analyze in detail on the one side, the underlying logics of the two different frames, on the other side their implications and effects on others.

Since social entrepreneurial organizations have developed out of two different approaches (Non-profit sector, Social Economy), further analysis is needed to identify in how far organizations can be attributed to one or the other, and what their intermixture results in.

As the interview with the Center for Social Innovation (ZSI) has shown, social innovation is a distinct field of research and it would be an interesting future research, to study social entrepreneurship under the lens of social innovation.

9 Appendix

9.1 Interview partners

The following table contains a list of persons, who were interviewed or provided information via e-mail and telephone.

NO.	CATEGORY	EXPERT	DESCRIPTION/ORGANIZATION
1	New initiatives	Hannah Lux, BA	Hannah Lux is the Austria Coordinator of the <i>Social Impact Award (SIA)</i> . She is also social entrepreneur herself as cofounder of the organization <i>Footprint</i> (founded in 2011).
2	New initiatives	Mgr. Olga Shirobokova	Olga Shirobokova is <i>Ashoka</i> Fellowship and Venture Coordinator for the Czech Republic and consultant at the Austrian <i>Ashoka</i> subsidiary. Information was received via interview and e-mail contact.
3	Social economy	Dr. Judith Pühringer	Judith Pühringer is the managing director of the Austrian <i>Bundeschdachverband Sozialer Unternehmen (bdv)</i> . The umbrella organization for WISEs was founded in the late 1980s.
4	Social economy	Mag. Manuela Vollmann	Manuela Vollmann is a social entrepreneur as the managing director of <i>abz*austria</i> , which was founded in 1992 in Vienna.
5	Social economy	Wolfgang Gruber	Wolfgang Gruber is the managing director of <i>Verband Sozialwirtschaft Österreich</i> . The umbrella organization for social service provider in Austria exists since 1997.
6	Civil society/ NPOs	Mag. Christiana Weidel	Christiana Weidel is the managing director of <i>The World of NGOs</i> , which was founded in 1997.
7	Research Institute	Mag. Alexander Kesselring	Alexander Kesselring is researcher at the Austrian <i>Center for Social Innovation (ZSI)</i> . The Center was founded in 1990 in Vienna.
8	Social partner	Mag. Gabriele Straßegger	Gabriele Straßegger is working at the department for social politics and health at the <i>WKO Austria</i> in Vienna. Information was received via telephone conversation.

Additional information are retrieved from online material of speeches at a conference (“Fachkonferenz”) organized by the *Verband Sozialwirtschaft Österreich*, on November 19th, 2012, in Vienna.

9.2 Outline of Interview Questions

Semi-structured expert-interviews

Questions guidance (in german)

1) **Interview partners:** The World of NGOs, Bundesdachverband sozialer Unternehmen (bdv), abz*austria, Social Impact Award

Veränderungen der Organisation/en durch Änderungen in den Rahmenbedingungen

- Wie haben sich NGOs/ soziale Unternehmen / Ihr Unternehmen in den letzten Jahren Entstehen aufgrund von Änderungen in den gesetzlichen, gesellschaftlichen, wirtschaftlichen Rahmenbedingungen verändert?
- Gibt es Merkmale, dass einige „unternehmerischer“ und innovativer geworden sind?
zB. durch Veränderungen in staatlichen Zuschüssen oder den Zwang nach mehr Wirtschaftlichkeit;
 - In der Vorgehensweise: suchen sie neue Wege für Ressourcenaufbringung?
 - In der Zielsetzung: wenden sie sich neuen/anderen gesellschaftlichen Problemen und Herausforderungen/ neuen Gruppen zu?
- Welche Tätigkeiten führt Ihre Organisation aus? Bitte geben Sie mir einen einführenden Überblick.

Wie könnte man das Feld sozialer Organisationen in Österreich einteilen?

Social Entrepreneurship

Ich untersuche „Social Entrepreneurs“ – aber soziale Unternehmer sind nicht nur jene, die sich auch so nennen.

Meine Arbeitsdefinition von sozialen Unternehmen („social entrepreneurial organizations“) lautet:

- 1) Soziale Unternehmen haben einen eindeutigen, primären sozialen oder ökologischen Zweck.
- 2) Sie sind private Organisationen.
- 3) Sie arbeiten nach einem non-profit Modell, oder einem for-profit Modell wobei Überschüsse in die Organisation und den sozialen Zweck reinvestiert werden.

- 4) Sie bieten Produkte oder Dienstleistungen am Markt an, um so Kosten (zumindest teilweise) zu decken.
 - 5) Sie zeigen innovatives, unternehmerisches Verhalten.
-

- An Interessensvertretungen: Zeigen einige NGOs/soziale Unternehmen diese oben genannten Eigenschaften und Merkmale? Welche fallen unter diese Definition? Welche nicht?
- An soziale Unternehmer: Aus meiner Sicht fällt Ihr Unternehmen unter diese Definition, stimmen Sie dem zu?
- Kennen Sie *Ashoka*? Sehen Sie Ihre Mitgliedsorganisationen/ Ihr Unternehmen als gleich oder unterschiedlich zu den von *Ashoka* geförderten social entrepreneurs?
- Ist Innovation ein wichtiger Bestandteil im Prozess soziale Probleme und Herausforderungen zu bewältigen? Wodurch wird diese ermöglicht?

Zusammenarbeit

Allgemein:

- Ist Zusammenarbeit mit Organisationen anderer Sektoren ein Schlüssel zur Lösung sozialer Probleme und Herausforderungen?
- Ist Zusammenarbeit bereits im Diskurs Ihres Umfeldes? Und warum bzw. warum nicht?

Mit anderen Organisationen und Interessensvertretungen des 3. Sektors:

- Arbeiten Sie mit The World of NGOs, dem Bundesdachverband, dem Verband Sozialwirtschaft Österreich oder Ashoka zusammen?
- Wie arbeiten social entrepreneurs mit anderen SE zusammen?

Mit der Privatwirtschaft:

- Arbeiten Ihre Organisation (bzw. die Mitgliedsunternehmen) mit privatwirtschaftlichen Unternehmen zusammen? Welche Arten von Zusammenarbeit gibt es?
- Beispiele?

Mit staatlichen Organisationen:

- Inwiefern arbeitet Ihre Organisation (bzw. Ihre Mitgliedsunternehmen) mit staatlichen Organisationen zusammen? Welche Arten von Zusammenarbeit gibt es hier?
- Beispiele?

Aller 3 Sektoren:

- Kennen Sie das Projekt „Walddialog“? Gibt es andere ähnliche Beispiele für Kooperationen zwischen den drei Sektoren?

- *An Bundesdachverband/The World of NGOs:*
 - Ist intersektorale Zusammenarbeit ein wichtiger Ansatzpunkt auf europäischer Ebene? Gibt es hier einen Unterschied zu Österreich? Auch im Diskurs?
 - Inwiefern sind staatliche Institutionen und die Privatwirtschaft in Europäische Arbeitsgruppen wie GECES (im Rahmen der EU Social Business Initiative) involviert?

Probleme/Erfolge in der Zusammenarbeit

- Welche Maßnahmen wären für mehr Zusammenarbeit nötig? Welche sind bereits im Gange?
- Welche Erfolge von intersektoraler Zusammenarbeit sind bereits sichtbar? (in Österreich, oder vielleicht Best-Practice Beispiele aus anderen Ländern)

2) Interview Partner: Zentrum für Soziale Innovation (ZSI)

Hintergrundinformation: Studie von Kesselring „Soziale Innovation in Unternehmen“, 2008

Defintion von sozialer Innovation

- Für wen/welchen Bereich muss eine soziale Veränderung neu sein um als Innovation zu gelten? Für das Unternehmen allein, in Studie zB: „innovativ für die Branche, für die Unternehmensgröße“.
- Soziale Innovation ist an sich nicht gewertet – aber Sie haben schon positive soziale Entwicklungen untersucht. Wie ist diese Wertung bzw. Nicht-wertung zu verstehen?

Entwicklung in Österreich/Veränderung

- Wie hat sich soziale Innovation in Österreich, das Verständnis von sozialer Innovation einerseits in der Forschung, andererseits in der Praxis/Öffentlichkeit, seit der Gründung des ZSI verändert?
- Wird der Begriff soziale Innovation in den letzten Jahren vermehrt verwendet und in die öffentliche Debatte gebracht (zum Beispiel von Ashoka „innovating for the public“)?

Ergebnisse der Studie

Sie haben in der Studie bewiesen, dass die Denkweisen gesellschaftlicher und wirtschaftlicher Rationalität nicht als getrennte Systeme anzusehen sind.

- Welche Auswirkungen hat das auf die Theorie?
- Welche neuen Ergebnisse gibt es seit der Studie (2008) dazu?

- In Studie: „bis auf wenige Ausnahmen wird Wirtschaftlichkeit nicht völlig ausgeblendet“ – Welche Formen gibt es? 1) Nur soziale Ausrichtung, 2) hybrid: ein Teil wirtschaftlich, soziales Projekt unwirtschaftlich, 3) wirtschaftlicher Profit von sozialem Projekt?

Zusammenarbeit

- Studie: einige Projekte wurden von Unternehmen alleine, andere in Kooperation durchgeführt. Warum beziehen manche Kooperation in Betracht und andere nicht?
- Sind beide Arten erfolgreich?
- Sie schreiben, dass intersektorale Netzwerke u.a. „eine Grundvoraussetzung für Soziale Innovation“ sind.
 - Wieso? Worin liegt der Vorteil?
 - Gibt es Probleme bei dieser Zusammenarbeit?
 - Ist Zusammenarbeit bereits im Diskurs Ihres Umfeldes, warum/warum nicht?
- Probleme/Erfolge von Zusammenarbeit
 - Welche Maßnahmen wären für mehr Zusammenarbeit nötig? Welche sind bereits im Gange?
 - Kennen Sie Erfolge von intersektoraler Zusammenarbeit, welche sind bereits sichtbar? (in Österreich, oder vielleicht Best-Practice Beispiele aus anderen Ländern)

3) Interview Partner: Verband Sozialwirtschaft Österreich

VERBAND

- Der Verband ist in vier Fachgruppen gegliedert: Arbeitsmarktpolitische Dienstleistungen, Behindertenarbeit/Psychosoziale Arbeit, Gesundheits- und Soziale Dienste, Kinder und Jugendwohlfahrt. Insgesamt haben Sie 313 Mitgliedsorganisationen.
 - Wie teilen sich diese mengenmäßig auf die Fachgruppen auf?
- Inwieweit deckt die Sozialwirtschaft Österreich das Feld sozialer Unternehmen in Österreich ab? Wie viele private soziale Organisationen, schätzen Sie, gibt es außerhalb Ihres Verbandes?
- Sind manche Ihrer Mitglieder auch Mitglieder bei der Wirtschaftskammer?
- Um Mitglied bei der Wirtschaftskammer zu sein, wird eine Gewerbeberechtigung benötigt. Warum haben manche diese, manche nicht? Eine Voraussetzung für die Berechtigung ist, eine Gewinnerzielungsabsicht, die die vollen Kosten der Tätigkeit übersteigt.
- Warum sind „nur“ 313 Organisationen Mitglied beim Verband, aber das Sozial- und Gesundheitswesen ist drittgrößter Arbeitgeber mit 362.000 Beschäftigten?

Feld

- Wie sehen Sie das Feld sozialer Organisationen in Österreich? Wie könnte man das Feld einteilen?
- Sozialwirtschaft:
 - o Warum wird der Begriff „Sozialwirtschaft“ auf der Homepage von BMASK und WKO nicht verwendet?
 - o Inwieweit greift der Staat und die Sozialpartner das Thema auf?
- Können Sie einen Wandel im Feld sozialer Organisationen/ in der österreichischen Sozialwirtschaft beobachten?
 - o Durch Hinzukommen von Unternehmen, die von neuen Initiativen ins Leben gerufen werden?
- Kennen Sie die Arbeit von Ashoka und anderen Initiativen (Social Impact Award, The Hub, Ideen gegen Armut, Pioneers of Change), die sich um die Neugründung und Unterstützung von Sozialunternehmen bemühen?
 - o Inwiefern sehen Sie diese Initiativen und deren Mitglieder als Teil der österreichischen Sozialwirtschaft?

Ich untersuche „Social Entrepreneurs“ – aber soziale Unternehmer sind nicht nur jene, die sich auch so nennen.

Meine Arbeitsdefinition lautet:

- 1) Soziale Unternehmen haben einen eindeutigen, primären sozialen oder ökologischen Zweck.
- 2) Sie sind private Organisationen.
- 3) Sie arbeiten nach einem non-profit Modell, oder einem for-profit Modell wobei Überschüsse in die Organisation und den sozialen Zweck reinvestiert werden.
- 4) Sie bieten Produkte oder Dienstleistungen am Markt an, um so Kosten (zumindest teilweise) zu decken.
- 5) Sie zeigen innovatives, unternehmerisches Verhalten.

➔ Zeigen einige soziale Unternehmen des Verbands Sozialwirtschaft diese oben genannten Eigenschaften und Merkmale? Welche fallen unter diese Definition? Welche nicht?

Positionen

In Österreich gibt es verschiedene Modelle, wie soziale Organisationen geführt und organisiert werden, und daher auch wie soziale Leistungen erbracht werden (vor allem Unterschiede in der Finanzierung und der Organisation).

- Welche unterschiedlichen Positionen zum Thema, wie soziale Leistungen erbracht werden sollen, gibt es in Österreich?

- Welche Organisationen haben (starken) Einfluss auf das Thema/die Debatte/den Diskurs darüber in Österreich?
- Wie sehen und beurteilen Sie das Thema, wie soziale Leistungen erbracht werden?
- Was wollen Sie für soziale Organisationen erreichen? Für was setzen Sie sich ein?
- Aus welchen Gründen vertreten Sie diese Ansicht?
- Welche Einstellung oder Vorannahmen liegen dieser Ansicht zugrunde?

Einfluss von Social Entrepreneurs (im speziellen)

- Haben Social Entrepreneurs eine Wirkung auf andere, soziale Leistungen erbringende Organisationen, und wenn ja, welche?
- Wie beeinflussen Social Entrepreneurs das Thema, wie soziale Dienstleistungen angeboten werden?

INTERAKTION

- Welche Organisationen beeinflussen die Arbeit Ihrer Mitgliedsunternehmen? Zu welchen Organisationen haben Ihre Mitgliedsunternehmen regelmäßigen Kontakt?
- Mit welchen Organisationen arbeiten Sie zusammen?
 - o In wie weit haben Sie Kontakt oder Kooperationen mit der Wirtschaft? Mit for-profit Unternehmen? Mit der Industriellenvereinigung ?
 - o Kommt Unterstützung von Banken und dem Stiftungswesen?
- Gibt es Events und Veranstaltungen, die Sie als sehr wichtig für Ihre Organisation einstufen würden? Wenn ja, welche und warum?
- Ist der Verband Sozialwirtschaft auf EU Ebene vernetzt?
 - o Wenn nein, haben Sie Interesse daran oder in der Zukunft etwas geplant? Zum Beispiel am Netzwerk Social Economy Europe teilzunehmen?

MAGAZIN

- Gibt es ein Magazin/eine Zeitschrift in Österreich, die über aktuelle Themen und Interessen der Sozialwirtschaft publiziert?

9.3 Analysis of Involvement

Ad 6.3.1 New Initiatives - Umbrella organizations

	<i>Ashoka</i>	<i>The Hub</i>
Primary objective	Support of social entrepreneurs in order to advance its vision of a world where everyone is a changemaker.	Support of people with ideas of a better world, providing space and opportunities to work and learn. They concentrate on establishing connections between social entrepreneurs, investors and supporters in order to change the society's economic orientation to impact orientation.
Categories of involvement	<ul style="list-style-type: none"> - Active in social services: by supporting its member organizations. - Financially supportive: <i>Ashoka</i> is financially supportive when affiliating a new member³⁸⁵. - Enabling networks: Collaboration among Fellows is facilitated by <i>Ashoka's</i> global network. - Advocacy: Knowing about obstacles and problems that social entrepreneurs have to face in general and in particular in Austria, <i>Ashoka</i> is also trying to improve conditions in a country and do advocacy work, however "little support [is] possible"³⁸⁶ in this respect. - Informative: Beside the help on business models and partnerships, full support is promised in regard to management abilities, impact measurement, market entry strategies, and getting visible and appreciated in a country.³⁸⁷ 	<ul style="list-style-type: none"> - Active in social services: by supporting its member organizations. - Financially supportive: 4000€ prize money when entering the network through winning the Social Impact Award. Also the ensuing programs establish opportunities for financial support. - Enabling networks: <i>The Hub</i> has a global network of social entrepreneurs. With its acquired rooms in Vienna, the <i>Hub</i> provides a meeting and working place for members, as well as facilities for events.

³⁸⁵ Ashoka Austria, Activities, 17.06.2013.

³⁸⁶ Presentation Schön: slide 8.

³⁸⁷ Ebd.

Programs	<p>The international activities of <i>Ashoka</i> concentrate on the identification of social entrepreneurs and their support through know-how, collaboration among them and with companies, in order to achieve their vision of a global change. Programs are:</p> <ul style="list-style-type: none"> - Venture & Fellowship - Empathy - Nutrients For All - Ashoka U - Youth Venture - Changemakers - Full Economic Citizenship - Social Investment Entrepreneurs - Law For All - Entrepreneur to Entrepreneur - Ashoka Support Network - Globalizer - Executive in Residence³⁸⁸ 	<p>The organization has developed five programs to support social organizations in their development: from start-up to scale. These programs provide: know-how support by academics on business models, mentoring support by business executives on diverse fields, working and networking opportunities, coaching on financial matters, support for attracting investors, and possibilities to get grants. The programs are:</p> <ul style="list-style-type: none"> - Social Impact Award - Hired by Society - Accelerator Program - Social Impact Start - Investment Ready Program³⁸⁹
Partners = Connections to other categories	<p><i>Ashoka Austria</i> is supported by foundations (<i>Essl Foundation, ERSTE Stiftung</i>) and by industry (<i>3M, C-Quadrat, GREENoneTEC, Industriellenvereinigung Wien and IV Österreich</i>). Further it receives pro-bono services from business and tax consultancy firms, a law firm and a communication company (<i>McKinsey&Company, Baker & McKenzie, Steirer Mika & Company, Ketchum Publico</i>).³⁹⁰</p>	<p>Partners are arranged according to programs. They come from foundations (<i>ERSTE Stiftung</i>), research institutes (<i>Institute of Entrepreneurship and Innovation, Vienna</i>), new initiatives (<i>Ashoka</i>), industry and business executives of a lot of different for-profits.³⁹¹</p>

Ad 6.3.2 Social Economy - Umbrella organizations

Categories of involvement (of umbrella organizations)	<ul style="list-style-type: none"> - Active in social services: The <i>bdv</i> and the <i>Sozialwirtschaft Österreich</i> are actively providing social services by supporting their member organizations. - Enabling networks: Know-how exchange among members is facilitated by the networks.
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³⁸⁸ Ashoka, Programs, 03.08.2013.

³⁸⁹ The Hub, Programs, 22.05.2013.

³⁹⁰ Ashoka Austria, Partners, 22.05.2013.

³⁹¹ The Hub, Partner organizations of all programs, 06.08.2013.

	<ul style="list-style-type: none"> - Advocacy: Representing the interests of their members in front of State institutions and the public in order to ensure future support and improve conditions is their main concern. - Informative: Full support is given in informing member organization on relevant conditions, Austrian and European Union regulations and development possibilities.
Connections to other categories	<p>Traditional NPOs: The <i>bdv</i> is strongly collaborating with the <i>Austrian Poverty Conference</i> due to similar interests.³⁹²</p> <p>Social partners: As employer representative the <i>Verband Sozialwirtschaft</i> regularly negotiates the terms and conditions for the collective agreement with Worker Unions.³⁹³ The Chamber of Labor (AK) is a social partner, who is strongly advocating for work integration social enterprises.³⁹⁴</p> <p>State: The <i>bdv</i> is in regular meetings with the <i>Austrian Social Ministry (BMASK)</i>.³⁹⁵ The <i>Austrian Labour Market Service (AMS)</i>, a privatized organization but governed by the State and Social partners³⁹⁶, is involved in day-to-day business of social enterprises operating in the fields of labor and education.</p> <p>On the European level, the <i>bdv</i> is connected to advocacy organizations of work integration social enterprises in the networks <i>EAPN (European Anti Poverty Network)</i> and <i>ENSIE (European Network of Social Integration Enterprises)</i>.³⁹⁷ The representative of the Austrian <i>bdv</i> in <i>ENSIE</i> is Charlotte Gruber³⁹⁸. She is also member of the governing circle of <i>Social Economy Europe</i>.³⁹⁹ The <i>Verband Sozialwirtschaft</i> is not yet engaged on the European level, it will address the European interconnection after having made the social sector more visible in Austria.⁴⁰⁰</p>

Ad 6.3.3 Industry

Categories of Involvement	<p>Regular market relations</p> <p>Organizations of the Social economy come into contact with for-profits in form of regular market relations. For-profits give out production tasks to, for example, organizations employing disabled or long-term unemployed people. They buy products or services from them or outsource production steps. This way they contribute profoundly to the social enterprises' existence.⁴⁰¹ Due to their work, to mediate unemployed people into the first labor market, work integration social enterprises (WISE) have a lot of contacts with for-profits.⁴⁰²</p>
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³⁹² Interview Pühringer: 939-942.

³⁹³ BAGS, Collective Agreement in Social Sector, 30.05.2013.

³⁹⁴ Interview Pühringer: 97-100.

³⁹⁵ Interview Pühringer: 576-578.

³⁹⁶ AMS, Organisation, 30.05.2013.

³⁹⁷ Interview Pühringer: 940-948.

³⁹⁸ Social Economy Europe, Austrian Representative, 11.04.2013.

³⁹⁹ Social Economy Europe, Governance, 11.04.2013.

⁴⁰⁰ Interview Gruber: 896-904.

⁴⁰¹ Interview Pühringer: 119-133; Interview Gruber: 770-781.

⁴⁰² Interview Pühringer: 118-122

	<p>- In competition: For-profits are also competitors of social entrepreneurial organizations. For example, the care organization <i>SeneCura</i> is a for-profit organization that is also a member of the <i>Verband Sozialwirtschaft</i>.⁴⁰³ In some cases, competitors from the for-profit and the social sector work together, for example in the waste and recycling industry in Styria, or small carpentries that collaborate to complete an order.⁴⁰⁴ Competition was also affirmed for New initiatives.⁴⁰⁵</p>
	<p>- Cooperative in projects: Together with for-profits, social entrepreneurs develop products for the company's needs, like the roadmap for maternity leave, a Human Resource Management software tool produced by <i>abz*austria</i>.⁴⁰⁶</p> <p>There are projects with for-profits that go beyond the market relation and beyond sponsoring. Companies start to work together with NGOs and social enterprises in case they want to engage more profoundly in Corporate Social Responsibility (CSR). For-profits need social enterprises to get access to people in need. A criterion for an activity to be counted as CSR is that it has to belong to the company's core-business.⁴⁰⁷</p> <p>As explained in <u>7.3.1.</u>, <i>Ashoka</i> Fellows receive pro-bono services from <i>Ashoka</i> partner firms. These partners support them in services of several thousands of Euros value, providing legal advice, strategic business consulting and marketing advice. They can also provide Fellows with some of their contacts in other countries in order to help them localize their ideas there. The fellow operating in the health sector profited a lot from an <i>Ashoka - Böhringer Ingelheim -Fellowship</i>.⁴⁰⁸</p> <p>The <i>IV</i> is involved with both social economy and new initiatives. It has started to take part in communication with social economy representatives⁴⁰⁹ and as partner of <i>Ashoka</i>, the <i>IV</i> is engaged in establishing meetings between business executives and social entrepreneurs.⁴¹⁰ Taking clear notice of social entrepreneurs and making them visible is also proven by regular short articles in the <i>IV</i> magazine "Positionen". Articles found deal for example with <i>Ashoka</i>⁴¹¹, <i>The Hub</i>⁴¹² and <i>SIA</i>⁴¹³, the <i>Essl</i> Social Prize awarding Bill Drayton⁴¹⁴, the program "Hired by society" of the <i>Hub</i>⁴¹⁵, and the topic CSR with a reference to Muhammad Yunus and social business⁴¹⁶.</p> <p>The initiative "Brückenschlag" provides another way of involvement in the field. Originally initiated by the provincial government of Vorarlberg in</p>

⁴⁰³ Interview Gruber: 186-193.

⁴⁰⁴ Interview Pühringer: 310-321; 272-287.

⁴⁰⁵ Oldenburg 2009, p. 198

⁴⁰⁶ Interview Vollmann: 157-169, 196-200.

⁴⁰⁷ Interview Pühringer: 119-133; Interview Weidel: 425-440.

⁴⁰⁸ E-mail Information, Shirobokova: 12-59.

⁴⁰⁹ Interview Pühringer: 103-111.

⁴¹⁰ Interview Shirobokova: 314-320.

⁴¹¹ Industriellenvereinigung, Journal March 2012, p. 15.

⁴¹² Industriellenvereinigung, Journal Dec. 2011/ Jan. 2012, p. 16.

⁴¹³ Industriellenvereinigung, Journal November 2012, p. 8.

⁴¹⁴ Industriellenvereinigung, Journal June 2010, p. 6.

⁴¹⁵ Industriellenvereinigung, Journal May 2012, p.5.

⁴¹⁶ Industriellenvereinigung, Journal June 2008, p. 12

	<p>2002, the program was spread by different associations and NGOs into the other provinces of Austria (except Upper Austria and Salzburg). It is a manager-exchange program, where executives from for-profits and NPOs change their working place for one week. This fosters the knowledge of one another, communication and gives the opportunity for know-how transfer.⁴¹⁷ A similar idea is addressed by the initiative “Vernetzte Welten”. However, for-profit- and NPO-managers are not taking part in every day work but specific projects dealing with challenges of our time, which last three to six months. Initiator is the consulting firm <i>bestpractise</i> in Vienna.⁴¹⁸</p> <p>- Others: Informative for Industry/Social investors: The IV issued a brochure in 2011 titled “Social Investment - New forms of engagement and cooperation”, in which they acknowledge the importance of social enterprises and inform about social investment options.⁴¹⁹</p> <p>- Financially supportive: The <i>good.bee</i> affiliate of <i>ERSTE Group</i> and <i>ERSTE Foundation</i> was founded in 2008 and is the first bank of its kind in Austria that supports social organizations. It focusses microfinance and social enterprise finance.⁴²⁰ It has been helpful for new initiatives as well as for social economy organizations with credits as well as business know-how.⁴²¹ In comparison, the German <i>Bank for Social Economy</i> (“<i>Bank für Sozialwirtschaft</i>”) exists since 1923. Therefore, bank business for social enterprises has a far longer tradition in Germany⁴²² and is only a very recent and little phenomenon in Austria.</p>
Involvement in Awards	<p>Concerning the involvement in awards, for-profits appear as partners, initiators and members of juries.</p> <p><i>Coca-Cola</i> initiated and funds the award “Ideen gegen Armut” and is a partner organization of the “Social Impact Award”. Besides <i>Coca-Cola</i>, a representative of a management consulting firm is the second industrial member of the jury of “Ideen gegen Armut”. The industry-near <i>Association of Sustainable Entrepreneurs</i> is initiator of the “Sustainable Entrepreneurship Award”. Co-founding organizations of the “TRIGOS – CSR Award” are the IV, the industry-near association <i>respACT</i>, and the firm <i>business data consulting</i>. Representatives of these organizations are as a consequence part of the jury. Initiator of the “Sustainable Entrepreneurship Award” is the industry-near <i>Club of Sustainable Entrepreneurs</i>. In this award, the jury consists beside others of two industry representatives (<i>Intel</i>, association <i>Wirtschaft für Integration</i>).</p> <p>Partners and sponsors of the category “Industry” in awards are: <i>Boston Consulting Group</i>, <i>Kaufhaus Steffl</i> and <i>IV Wien</i> in the “Social Impact Award”. The “Sustainable Entrepreneurship Award” is supported by 7 for-profit partner organizations (<i>Raiffeisen</i>, <i>Safe Invest</i>, <i>Erste Bank</i>, <i>Junge Wirtschaft</i>,</p>

⁴¹⁷ Brückenschlag Initiative, 30.03.2013.

⁴¹⁸ Vernetzte Welten Initiative, 30.03.2013.

⁴¹⁹ Industriellenvereinigung (2011): Brochure on Social Investment.

⁴²⁰ Bank good.bee, 25.05.2013.

⁴²¹ Interview Pühringer: 377-390; Interview Lux: 178-187.

⁴²² Bank für Sozialwirtschaft, Aktuelle Nachrichten vom 11.März 2013, 26.05.2013.

	<p><i>Wiener Städtische Versicherungsverein, Motivation by Information: ROSAM</i>). There are 6 industrial partner organizations of the “TRIGOS-CSR Award” (<i>Vöslauer, BKS Bank, EVN, EVVA, OÖ Ferngas and Murauer</i>).</p> <p>The awards “SozialMarie”, “Essl Social Prize” and the “ESF Innovation Award” do not have industrial partners or jury members coming from for-profit organizations.⁴²³</p> <p>For-profits are supporting also candidates of the Social Impact Award by sending experts to advise the winning teams in the period after the award. This takes place in course of a mentoring program.⁴²⁴</p>
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Ad 6.3.4 Social Partner

1. Federal Economic Chamber (<i>WKO</i>)	
Categories of Involvement	<ul style="list-style-type: none"> - Advocacy: The <i>WKO</i>'s categorization of services and branches does not account for social organizations.⁴²⁵ There is no one who deals with the Austrian social economy and its enterprises in particular. Social organizations have to become a member of the <i>WKO</i> if they have a trade license. Then they are categorized according to their activity in one of its branches, not administrated separately. Within this scope their interests are represented by the <i>WKO</i>. Since social organizations are in minority, for-profit firms are more in focus of the <i>WKO</i>.⁴²⁶ Trade licenses are often requested by customers of social organizations in order to ensure quality of the products or services they order.⁴²⁷ - Financially supportive: As consequence of its involvement in awards.
Involvement in Awards	<p>The award analysis revealed an involvement of the <i>WKO Vienna</i> as partner in the “Social Impact Award”, the <i>WKO Austria</i> as co-initiator of the “TRIGOS-CSR Award” and the division Enterprise Consulting and IT of the <i>WKO</i> as partner in the latter. The <i>Außenwirtschaft Österreich</i>, part of <i>WKO</i>⁴²⁸, is partner in the “Sustainable Entrepreneurship Award”, and the head of a CSR-platform of the <i>WKO Salzburg</i> is member of its jury.</p>
2. Chamber of Labor (<i>AK</i>)	

⁴²³ see Appendix: Analysis of Award Involvement

⁴²⁴ Interview Lux: 40-55.

⁴²⁵ *WKO*, Website composition, 29.04.2013; *WKO*, Organigramm der Abteilung Sozialpolitik, 29.4.2013.

⁴²⁶ Telephone information, Straßegger, 02.05.2013.

⁴²⁷ Interview Gruber: 150-174.

⁴²⁸ *WKO*, Außenwirtschaft, 31.05.2013.

Categories of Involvement	<p>- Advocacy: The Chamber of Labor is a strategic partner in doing lobbying for work integration social enterprises of the <i>bdv</i>.⁴²⁹ Some collaboration also takes place with the <i>Verband Sozialwirtschaft</i>.⁴³⁰</p> <p>- Advocacy and Informative: A network on CSR and ethical entrepreneurial behavior was intensively fostered by the Chamber of Labor.⁴³¹ It is named <i>Netzwerk Soziale Verantwortung, NeSoVe</i>, and consist of NGOs, representative organizations of employers and employees, and members of Trade Unions of companies.⁴³² The network brings together organizations of industry and civil society, over the mediator of social partners, testing and disclosing CSR commitment, and enforcing CSR behavior.⁴³³</p> <p>The <i>AK</i> together with <i>NeSoVe</i> were hosts of events on CSR (e.g. “Der ANDERE Dialog”, 05.12.2012⁴³⁴, Workshop Rechte für Menschen-Regeln für Unternehmen, 10.11.2010,⁴³⁵ <i>NeSoVe</i> bei der ARGE Linz⁴³⁶). Financial support was provided for the brochure “Anmerkungen zum Österreichischen Aktionsplan CSR”⁴³⁷.</p>
3. Trade Union Federation (ÖGB)	
Categories of Involvement	<p>- Advocacy and Informative: In course of developing the collective agreement BAGS, a strong collaboration between Trade Unions and the <i>Verband Sozialwirtschaft</i> took place. Regular negotiations on the collective agreement ensure an ongoing intense contact.⁴³⁸</p> <p>A lot of co-operation also takes place between the <i>NeSoVe</i> and Trade Unions, since representatives of company trade unions are members in the network. For example, one event in cooperation with Trade Unions or the Trade Union Federation is “Betriebliche Gesundheitsförderung”⁴³⁹.</p>
4. Organizations founded by social partner institutions	

⁴²⁹ Interview Pühringer: 97-100.

⁴³⁰ Interview Gruber: 883-892.

⁴³¹ Interview Weidel: 418-453.

⁴³² Netzwerk Soziale Verantwortung, Members, 30.05.2013.

⁴³³ Interview Weidel: 418-453.

⁴³⁴ Netzwerk Soziale Verantwortung, Der andere Dialog, 30.05.2013.

⁴³⁵ Netzwerk Soziale Verantwortung, Workshop, 30.05.2013.

⁴³⁶ Netzwerk Soziale Verantwortung, Veranstaltung Linz, 30.05.2013.

⁴³⁷ Netzwerk Soziale Verantwortung, Publication on CSR actions, 30.05.2013.

⁴³⁸ Interview Gruber: 883-892.

⁴³⁹ Netzwerk Soziale Verantwortung, Beispiel Kooperation mit ÖGB, 30.05.2013.

	<p>The following organizations are founded by social partners and can be classified as social entrepreneurs.</p> <p>The <i>bfi</i> as a vocational training institute provides social services. It was founded in 1959 and is led by the Chamber of Labor and the Trade Union Federation.⁴⁴⁰ The <i>bfi Vienna</i> is a partner of the “Sustainable Entrepreneurship Award”.</p> <p>The organization <i>BBRZ</i>, providing social services in work rehabilitation, is affiliated to the <i>bfi</i>, therefore its roots come from social partner organizations.⁴⁴¹</p> <p>The <i>WIFI</i>, dealing with education and advanced vocational training, intends to foster the economy and is an institution of the <i>WKO</i>.⁴⁴²</p>
5. European level	
Involvement in Awards	<p>The European Association of Craft, Small and Medium-sized Enterprises (UEAPME) is a European Social Partner that is engaged in the “Sustainable Entrepreneurship Award”, supporting it as partner organization and a representative in the jury.</p>

Ad 6.3.5 The State

Categories of Involvement	<ul style="list-style-type: none"> - Financially Supportive: Public subsidies are a major source of income for social economy organizations. To a minor extent also new initiative organizations apply for public subsidies. Beyond that the State supports a lot of projects, for example: In co-operation with <i>NeSoVe</i> federal ministries are holding events or financially support the association’s actions (for example: “Nationaler Aktionsplan CSR, Workshop zu Innovationen und Anreize” on 26.6.2012 led by BMASK, Ministry of Life and the Ministry for Science and Research; Member assembly of <i>NeSoVe</i> on 07.05.2013 and 24.04.2009 in rooms of the BMASK; Financial support for “ExpertInnen-Dialog im März 2009, Der CSR Kriterien-Katalog”).⁴⁴³ - Regulative Forces: Laws and regulations from regional and state governments define the framework for the work of social entrepreneurs. - Competitive: Not the State itself, but public organizations constitute competitors for social entrepreneurs.⁴⁴⁴ - Others:
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⁴⁴⁰ BFI, Information Folder, slide 2.

⁴⁴¹ BFI, Information Folder, slide 5.

⁴⁴² WKO, WIFI Brochure, 31.05.2013.

⁴⁴³ Netzwerk Soziale Verantwortung, Veranstaltungen, 30.05.2013.

⁴⁴⁴ Interview Gruber: 801-802; Oldenburg 2009, p. 198.

	<p>There are projects initiated by public institutions. For, example the initiative “Brückenschlag”, as described in 7.3.3, was started by the Provincial Government of Vorarlberg. Another huge project, called “Walddialog”, was initiated by the Ministry of Life, including more than 80 organizations that are interested in and working with the topic forest. This participatory project ran from 2003 to 2006. ⁴⁴⁵ It was named an ideal example of structured openness and inclusion of civil society⁴⁴⁶.</p>
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⁴⁴⁵ Lebensministerium 2007.

⁴⁴⁶ Interview Weidel: 504-506.

9.4 Analysis of Award Involvement

Blue: Initiator/Executing organization

Green: Sponsors/Partner organizations

Orange: Members of the Jury

	Social Impact Award (SIA)⁴⁴⁷	SozialMarie⁴⁴⁸	Essl Social Prize⁴⁴⁹	
Social economy		a social worker, who was head of the social department of the city of Vienna	Former winners	
New initiatives	Hub Incubation		Former winners	
	Hub Vienna			
	Ashoka			
State		a social worker, who was head of the social department of the city of Vienna		
Industry	Coca Cola, Boston Consulting Group, Kaufhaus Steffl, IV Wien			
Social Partner	WKO Wien			
Civil Society Organizations/ Traditional NPOs	Ute Bock			
Foundations	ERSTE Stiftung	Unruhe Stiftung	Essl Stiftung	Founders of Essl Stiftung

⁴⁴⁷ Awards, Social Impact Award, 29.04.2013.

⁴⁴⁸ Awards, Sozial Marie, 29.04.2013.

⁴⁴⁹ Awards, Essl Social Prize, 29.04.2013.

Academia	Institute for Entrepreneurship and Innovation WU Wien	Representative of the Institute	Center for Social Innovation at University of Economics and Management Prague	Professor from Sigmund Freud Private University, Institute for Wealthability and Wealth Psychology;
	Representative of NPO - Competence Center		Institute for Sociology at Hungarian Academy of Sciences, Vienna Wiesenthal Institute	
	Studiengangsleiter IMC FH Krems		Professor for Social Work at FH Campus Vienna	Professor from University of Salzburg, Center for Ethics and Poverty Research
Media	enorm, digilight, uniscreen		a journalist	
others				Representative of the European Venture Philanthropy Association; Representative of European Foundation Center

	Ideen gegen Armut ⁴⁵⁰	ESF Innovation Award ⁴⁵¹	Sustainable Entrepreneurship Award (SEA) ⁴⁵² 2013	TRIGOS – CSR Award ⁴⁵³
Social economy	Representative of bdv			
New initiatives			Ashoka Representative of Ashoka	Representative of Hub Vienna
State		EU Social Fund, BMASK	Member of EU-parliament, member of Ministry for Foreign Affairs	European Commission
Industry	Coca - Cola Representative of Coca-Cola		Raiffeisen, Safe Invest, Erste Bank, Junge Wirtschaft, Wiener Städtische Versicherungsverein, Motivation by Information: ROSAM	IV, respACT, business data consulting GmbH Representatives of IV, respACT, business data consulting GmbH
			Club of sustainable entrepreneurs - Verein für nachhaltiges Wirtschaften, Karlsplatz 1/17, 1010 Wien Geschäftsführerin Christina Weidinger	
	Representative of Contrast Management Consulting		Representative of association “Wirtschaft für Integration”	Vöslauer, BKS Bank, EVN, EVVA, OÖ Ferngas, Murauer
			Representative of Intel	

⁴⁵⁰ Awards, Ideen gegen Armut, 29.04.2013.

⁴⁵¹ Awards, ESF-Innovation Award, 29.04.2013.

⁴⁵² Awards, Sustainable Entrepreneurship Award, 29.04.2013.

⁴⁵³ Awards, TRIGOS – CSR Award, 29.04.2013.

Social Partner			<ul style="list-style-type: none"> - Außenwirtschaft Österreich (part of Chamber of Commerce); - bfi Wien (led by: Chamber of Labor and Trade Union Federation); - European Association of Craft, Small and Medium-sized Enterprises (UEAPME) (as European Social Partner) 		WKO
			<ul style="list-style-type: none"> - Member of UEAPME - Head of platform for CSR by WKO Salzburg 	WKO (Unternehmensberatung+IT)	
Civil Society Organizations/ Traditional NPOs				Caritas, Österreichisches Rotes Kreuz, SOS Kinderdorf, Diakonie, Umwelt Dachverband, Global 2000	Representatives of these organizations
Foundations			Bertelsmann Stiftung	Representative of Bertelsmann Stiftung	
Academia	Non-Profit Competence Center Vienna	Member of the NPO Competence Center Vienna	Fraunhofer Institute	Member of Fraunhofer Institute	
			Member of IEDC-Bled School of Management		Members of:

				<ul style="list-style-type: none"> - Institute for Austrian and European Labor Law and Social Law, WU Wien - Institute for Nonprofit Management, WU Wien - Sustainable Europe Research Institute Wien - Eco Austria institute for Economy Research
			Member of Boston College Carroll School of Management	
Media	Der Standard		Das Deutsche Anleger Fernsehen, Innovationsmanager, SUCCEED, Unternehmer, skylines	Die Furche, Lebensart Businessart
Others	Advisory board of 11 people from: former winners, media, industry, academia			Stift Klosterneuburg (Warensponsor)

Note:

Research Institutes that are not part of a university but have legal forms of GmbH are also counted under the category of Academia. Associations which are close to industry (*respACT*, *Verein für nachhaltiges Wirtschaften*, *Verein für Wirtschaftsintegration*), though not profit-making are counted under the category of Industry and not Civil Society Organizations/NPOs. The *bfi* is a social organization close to social partners, therefore categorized under social partners.

9.5 Analysis of Award Specifications

1) Social impact award (SIA)

Titel	Social Impact Award (SIA)
Motto	„Push the button, change the world“
Initiator	Institute for Entrepreneurship and Innovation (WU Vienna)
Executing Organization	Hub Vienna Incubation, cooperation with institutes in the other countries of SIA (in Romania, Czech Republic and Slovakia)
Criteria for Projects	Evaluated is the project idea that solves a social problem in an innovative, entrepreneurial way. Fields can be poverty reduction, health, education, environment, energy, technologies of information and communication, human rights, equal opportunities, care, and others. ⁴⁵⁴
Allowed participants	50% of the team members have to be students with a valid enrolment number or document for the current academic year (enrolled at a university of the participating countries). Organization: “as part of civil society (NGO, NPO, association, initiatives) as well as in the course of private economy as social business” ⁴⁵⁵
Countries of award competition	Austria, Romania, Czech Republic, Slovakia
Prize	4 projects are awarded 4.000€ and get professional support by the community
Process	In the weeks before the submission deadline, workshops are held at Austrian universities to help students find an idea and evolve a project. The evaluation consists of a pre-screening phase which leads to a selection of the best projects. These are forwarded to an expert jury in each country. Experts come from the NGO field, are social entrepreneurs or entrepreneurs and from academia. These select the best projects. ⁴⁵⁶
Start and Frequency	2009, yearly
Information on popularity	In 2013, 92 students´ projects were handed in in Austria, 172 projects in total for all countries.

2) SozialMarie

Titel	SozialMarie Preis für soziale Innovation
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⁴⁵⁴ Awards, Social Impact Award, Submission, 29.04.2013.

⁴⁵⁵ Ebd.

⁴⁵⁶ Awards, Social Impact Award, Participation, 29.04.2013.

Initiators	Unruhe Privatstiftung
Criteria for Projects	<p>Projects have to deal with current social problems in a future-oriented manner. They have to already been successful in practice but not yet finished.</p> <ol style="list-style-type: none"> 1) Innovative project idea (new solutions to social problems, new social problems, newly considered target groups) 2) Innovative way of accessing a target group (benefit for the target group) 3) Innovative realization of idea and effective solution 4) Effect on others (Society, media, politics, organization, cooperation with organizations, integration in society) <p>Criteria 1-3 will be valued twice as important as the forth criterion.⁴⁵⁷</p>
Allowed participants	Projects can come from for-profit businesses, from social economy organizations like civil society initiatives, NGOs, NPOs or associations, and from public institutions. ⁴⁵⁸
Countries of award competition	Austria, Hungary, Czech Republic and the space of 300 km around Vienna for the countries: Germany, Croatia, Poland, Slovakia and Slovenia ⁴⁵⁹
Prize	15 projects get in total 42.000€. The first place will receive 15.000€, the second prize is 10.000€ and the third place will be awarded with 5.000€. In addition, 12 projects are awarded 1.000€.
Process	Projects are selected in three stages. First, a pre-selection takes place intending to check whether all criteria are fulfilled etc. Then 3 specific coordinators prepare 25 to 37 nominations. Out of these projects the jury selects 15 winners. Those 6-7 projects that are qualified for a first prize will be visited by the jury.
Start and Frequency	2005, yearly. Awarded projects are presented on Mai 1 st in a public event in the ORF Radio-Kulturhaus Vienna.
Information on popularity	In eight years, 1.700 projects have been submitted, out of which 120 have been supported.

3) Essl Social Prize

Titel	Essl Sozial Preis / Essl Social Prize
Initiators	Martin and Gerda Essl = the Essl foundation
Criteria for Projects	The prize will be awarded to a social entrepreneur, who will pursue his work and develop his work further. The project has to be innovative, reach high social effect and a sustainable improvement for disadvantaged people. Like a role model, the

⁴⁵⁷ Awards, Sozial Marie, Information, 29.04.2013.

⁴⁵⁸ Ebd.

⁴⁵⁹ Awards, Sozial Marie, The Prize, 29.04.2013.

	project should be direct charitable help and support. The project should be applicable at other places. There is no regional constraint. ⁴⁶⁰
Selected people	Potential award winners have to be successful and widely recognized social entrepreneurs, who reached with their organizations social goals, particularly by social innovative means. ⁴⁶¹
Countries	International
Prize	1 Mio. €
Process	No application possible. Potential organizations are proposed by members of the nomination committee. After discussion the selection committee defines one person as the winner.
Start and Frequency	2008, yearly

4) Ideen gegen Armut

Titel	Ideen gegen Armut
Initiators	Coca-Cola Austria
Partners	Non-Profit Competence Center Vienna, Der Standard
Criteria for Projects	<p>Topics: projects for or with people at risk of poverty, projects to avoid or fight against poverty, innovative and sustainable projects for closing holes in the work of poverty prevention, projects that combine poverty reduction with female entrepreneurship.</p> <p>The following criteria will be judged:</p> <ul style="list-style-type: none"> - effectiveness (contribution of the project to poverty reduction or prevention) - efficiency (resources input and expected effects) - budgeting (financing plan) - feasibility (possibility to realize plan with given resources)⁴⁶²
Allowed participants	Single persons and organization (except administrative units like state or municipality, and political parties) ⁴⁶³
Countries	Austria
Prize	In 2013: two prizes, each 42.000€ as Social Venture Capital from Coca-Cola

⁴⁶⁰ Awards, Essl Social Prize, The Prize, 29.04.2013.

⁴⁶¹ Ebd,

⁴⁶² Awards, Ideen gegen Armut, Criteria, 29.04.2013.

⁴⁶³ Ebd.

Process	The jury checks the submitted projects for meeting the criteria and undergoes a pre-selection. The 12 selected projects teams take part in a two days workshop to work out business plans for their projects. After a presentation of ideas and business plans the jury together with the advisory board decide the two final winners.
Start and Frequency	2008, yearly

5) Innovation award of the European Social Fund (ESF)

Titel	ESF Innovationsaward
Initiators	Austrian Ministry of Labor, Social Affairs and Consumer Protection
Criteria for Projects	Innovativeness, methods and effects of the project are evaluated. ⁴⁶⁴
Allowed participants	Projects that have been or will be partly funded by the ESF and deal with education and work. ⁴⁶⁵
Countries	Austria
Prize	First place: 2.500€, second: 1.300€, third: 1.000€
Process	A jury will select five candidates out of the submitted projects. This list will be publicized on the website of the ESF and people can vote for the projects. The award will be given to the winners by the Austrian Social Minister Rudolf Hundstorfer.
Start and Frequency	2010, yearly

6) Sustainable Entrepreneurship Award

Titel	Sustainable Entrepreneurship Award (sea)
Initiators	Club of sustainable entrepreneurs Vienna (Verein für nachhaltiges Wirtschaften Wien)
Criteria for Projects	The initiative searches for projects in the field of 1) Integration and Social Affairs, 2) Climate, Environment and Energy, 3) Knowledge and education system, 4) Mobility and Technological Innovations, 5) development and Services, 6) Lifestyle and culture, 7) City and Regional Development <ol style="list-style-type: none"> 1. Sustainable effects (What are the benefits of the project or the idea?) 2. Role model effect (Is the solution transferable to other situations worldwide?)

⁴⁶⁴ Awards, ESF-Innovation Award, Information, 29.04.2013.

⁴⁶⁵ Ebd.

	<p>3. Innovation and creativity (How innovative is the idea?)</p> <p>4. Incorporation of project into company strategy (Which role does the project play in the total product portfolio or turnover?)</p> <p>Categories: Best Project, Best Idea, SEA of Excellence (the Initiators will elect outstanding entrepreneurs in sustainability affairs, no application possible)⁴⁶⁶</p>
Allowed participants	National and international companies of all industries and sizes ⁴⁶⁷
Countries	Award ceremony in Austria, international participants accepted
Prize	10.000€ for the winner, 10 further projects and the best idea will be publicized in the magazine SUCCEED
Process	In the first stage the organization point of origin validates the submitted project. In stage two the projects will be presented to the jury, who nominates the winners.
Start and Frequency	2012, yearly

7) TRIGOS – CSR Award

Titel	TRIGOS – Corporate Social Responsibility Award
„Trägerorganisationen“ = Initiators	<p>NGOs: Caritas, Österreichisches Rotes Kreuz, SOS Kinderdorf, Diakonie, Umwelt Dachverband, Global 2000;</p> <p>Social Partner: WKO (Austrian Chamber of Commerce);</p> <p>Industry: Industriellenvereinigung, respACT (association for CSR in Austria), business data consulting GmbH</p>
Criteria for Projects	<p>Projects must have started at least in the year before application.</p> <p>Categories are (with differentiation of company sizes):</p> <ul style="list-style-type: none"> - Holistic Corporate Social Responsibility Engagement: CSR strategy, concrete actions and their effects in the fields of work place, society, market and environment. Criteria are positive effects of CSR-activities on society and environment and business benefit of CSR-activities. - Best Partnership: Criteria are general engagement in CSR, degree of innovation, organization and goals of the partnership, results and effects for society, environment and the company.

⁴⁶⁶ Awards, Sustainable Entrepreneurship Award, Submission, 29.04.2013.

⁴⁶⁷ Ebd.

	<p>- Social Entrepreneurship: Criteria for the evaluation of solutions to societal problems are entrepreneurial settings (strategy, business model, forms of financing), the social impact, relevancy for society, role model effects and development possibilities, degree of innovation, implementation.⁴⁶⁸</p>
Allowed participants	<p>Commercially operating companies who are member of the Austrian Chamber of Commerce (WKO). For the category “social entrepreneurship”, organizations that are operating economically directed toward solving a societal problem and instead of profit maximization, social entrepreneurs seek for social impact. They do not need to be members of the WKO. For the category “best partnership”, commercially operating companies need to apply together with a non-business stakeholders. Social entrepreneurs, NGOs or public organizations can be part of the partnership. In this category international projects are also accepted.⁴⁶⁹</p>
Countries	Regional award (for the regions Upper Austria, Lower Austria, Styria and Tyrol), Austrian award, and European CSR-Award
Prize	No prize money
Process	Two- stage selection of nominees and winners.
Start and Frequency	2004, yearly
Information on popularity	In the last nine years more than 1.200 Austrian companies applied for the TRIGOS and about 200 were nationally and regionally awarded. ⁴⁷⁰

⁴⁶⁸ Awards, TRIGOS-CSR Award, Categories, 29.04.2013.

⁴⁶⁹ Awards, TRIGOS-CSR Award, Submission, 29.04.2013.

⁴⁷⁰ Awards, TRIGOS-CSR Award, Procedure, 29.04.2013.

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