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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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</thead>
<tbody>
<tr>
<td>cf.</td>
<td>confer (compare, see)</td>
</tr>
<tr>
<td>BAO</td>
<td>Bundesabgabenordnung (Federal Fiscal Code)</td>
</tr>
<tr>
<td>BMASK</td>
<td>Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of Employment, Social Issues and Consumer Rights)</td>
</tr>
<tr>
<td>BMF</td>
<td>Bundesministerium für Finanzen (Federal Ministry of Finance)</td>
</tr>
<tr>
<td>BMUKK</td>
<td>Bundesministerium für Unterricht, Kunst und Kultur (Federal Ministry for education, Arts and Culture)</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FTE</td>
<td>Full Time Equivalent</td>
</tr>
<tr>
<td>GmbH</td>
<td>Gesellschaft mit beschränkter Haftung (Corporation with Limited Liability)</td>
</tr>
<tr>
<td>gGmbH</td>
<td>gemeinnützige GmbH (charitable Corporation with Limited Liability)</td>
</tr>
<tr>
<td>i.e.</td>
<td>in exemplum (for example)</td>
</tr>
<tr>
<td>ISE</td>
<td>The Institute for Social Entrepreneurs</td>
</tr>
<tr>
<td>KG</td>
<td>Kapital Gesellschaft (Company Limited by Shares)</td>
</tr>
<tr>
<td>NPO</td>
<td>Non-Profit Organization</td>
</tr>
<tr>
<td>OHG</td>
<td>Offene Handelsgesellschaft (General Partnership)</td>
</tr>
<tr>
<td>ÖVP</td>
<td>Österreichische Volkspartei (Austrian People’s Party)</td>
</tr>
<tr>
<td>SE</td>
<td>Social Entrepreneurship</td>
</tr>
<tr>
<td>SEO</td>
<td>Social Entrepreneurial Organization</td>
</tr>
<tr>
<td>SPÖ</td>
<td>Sozialdemokratische Partei Österreichs (Social Democratic Party of Austria)</td>
</tr>
<tr>
<td>TI</td>
<td>Transparency International</td>
</tr>
<tr>
<td>transl.</td>
<td>translation</td>
</tr>
<tr>
<td>WKÖ</td>
<td>Wirtschaftskammer Österreich (Austrian Chamber of Commerce)</td>
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</tbody>
</table>
I. Introduction

1. The rise of Social Entrepreneurship

The last decades have brought profound changes in the social systems of western democracies. Administrations have always been a mirror of great societal trends. The 1960s and 1970s were marked by a great effort to establish participation processes. In the late 1970s a growing recognition of the individual followed. Since the late 1980s, market logic and management based concepts have had increasing influence (Neumayr 2010: 13ff).

The budgetary, legitimacy and efficiency crisis that the social security systems undergo since the early 1990s, especially in Europe has sparked a more autonomous development of the third sector. Activities that would have been implemented by public authorities before are now increasingly allocated to private organizations (Defourny 2001: 12).

The decreasing public initiative to solve social problems leaves not only the implementation, but increasingly also the development of solutions to private initiatives. In this context the concept of social entrepreneurship (SE) has emerged. Aiming for social change, activists merge methods from business, classic non-profits and social movements in their activities. The organizations that originate from this context put social impact at the center of their efforts. Established borders between non- and for-profit or social movement and company are no longer considered legitimate as they prune possibilities.

In a growing strive to tackle social problems off the beaten track a global movement has formed since the 1990s that found its latest climax in the naming of Muhammad Yunus as Nobel Peace Laureate in 2006. He was honored as one of the pioneers of microcredit, a model coming from a SE context.
I. INTRODUCTION

In Austria public awareness of the concept has only started to built in the last two to three years. A media search in major papers for 2009 and 2010 brought a range of events promoting SE like the Social Business Tour, the Ashoka Globalizers Meeting, the Social Impact Award and others more (Lehner 2010: 59).

2. Research intention

In many other European countries the recognition of SE as a means to tackle social problems has already reached government level. Countries like Italy, the UK, or the Netherlands have realized the potential of the concept to find new solutions in the third sector and started various programs to foster it and provide an appropriate framework.

The dynamic development in other European countries and the rising awareness indicate the possibility of a growing engagement in Austria. To find out about possible developments and guide further activities research necessary. As of today research on SE in Austria has been extremely scarce. The only paper relating exclusively to Austria was published by Lehner in 2010 presenting an empirical study of some existing actors in the field. It is this shortage that this thesis aims to relive. Taking into consideration that SE research and activity are both still at a nascent stage, the central aim of this work will be to build a base from with further engagement into the concept can depart.

One of the most recognised SE theorists Johanna Mair puts it as follows: “...the role, nature and scale of social entrepreneurship cannot be discussed without taking into consideration the complex set of institutional, social, economic and political factors that make up this context.” (Mair 2010: 26)
I. INTRODUCTION

This will be the vantage point for the work at hand. In order to enable future research an analysis of the given national framework will be presented assessing existing pre-conditions, considering their impact on present and future SE activity.

**What constitutes the relevant national framework for social entrepreneurship in Austria?**

**How does this framework influence present and future social entrepreneurship activities in Austria?**

These questions are not only relevant for future research but its answers will also present important information for any actor in the Austrian field of SE as well as policy makers who aim at designing measures to foster the concept and its application in Austria.

### 3. Structure

To answer the above posed research questions a research framework consisting of six general categories based on the Global Entrepreneurship Monitor will be developed in part II. Part three will then apply the framework on Austria. In part IV the most important results will be presented with some conclusive remarks.

In part II the theoretical foundations of this thesis will be laid out. As a base, it will first be necessary to clarify on the term Social Entrepreneurship. A range of different definitions will be presented in chapter 1 to give a review of the state of the art of SE research. Based on this review the working definition will be devised. SE will then be contextualized in a broader theoretical context to underpin the relevance of researching framework conditions for SE research and activity. To finalize chapter 1 a short overview of the most resonated points of critique will be given. The 2.chapter of part II will introduce the research framework based on the Global Entrepreneurship Monitor (GEM).¹ Fist the GEM will be presented to subsequently adapt its research categories for SE research. Six out of nine categories will be found relevant for SE.

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¹ This approach was first taken by Vollmann 2008.
Part III will implement the research framework devised in part II for Austria. The six research categories constitute the chapters that make up the actual analysis of the framework conditions for SE in Austria.

Part IV will give summary and final assessment of the results. The thesis will close with some conclusive remarks.

Throughout the whole thesis in the BOXES best practices will be described. As far as possible examples from Austria were preferably chosen.
II. Theoretical Foundations

1. Varying Definitions

As already stated in the introduction, in academic terms SE is still a very young field of research. Mair/Robinson/Hockerts refer to it as being in the so called “phase of excitement” (cf. Mair/Robinson/Hockerts 2007: 2f). This term refers to the “Life-Cycle Model” by Hirsch/Levin, describing the initial stage of academic research, marked by the efforts of creating a field. It was only in the 1990s that researchers started to work on SE in an academic fashion. To this day, the definition of SE is heavily disputed.

What may seem as a drawback, Mair/Marti interpret as an opportunity for researchers from different fields to contribute to the understanding of SE (cf. Mair/Marti 2006). On the contrary authors like Martin/Osberg argue for a precise and exclusive definition to prevent the concept from being watered down (cf. Martin/Osberg 2007, Santos 2009). A further opening process would, as they claim, reduce the current appeal of SE making it “… an immense tent into which all manner of socially beneficial activities fit.” (Martin/Osberg 2007:30). In the course of this chapter it will become evident that only an inclusive definition, spanning a range of views of the concept can do SE, and its inherent diversity, right.

From the beginning different matters have been understood to be SE (cf. Dees 1998, Mair/Marti 2006). Not-for-profit organizations in search of alternative funding strategies, management strategies to create social value, socially responsible practice of commercial business engaged in cross-sector partnerships, a means to alleviate social problems and catalyze social transformation, and even more.

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2 In their 1999 paper Hirsch/Levin describe four principal stages. The first stage is followed by the “validity challenge” that consequently leads to the development of dominant strains of theory, the third stage is “tiding up with typologies”. The final stage “construct collapse” actually embodies the crossroad for a research field. Its problems are either overridden, they turn into a permanent (accepted) issue or the construct collapses (cf. Hirsch/Levin 1999).
In order to bring some clarity to the vast number of definitions, without diminishing important insight, it is here attempted to structuralise the field of definitions. There are basic conceptual differences in definitions of SE that are reflected in the different terms used (Mair/Marti 2006: 38). In the main there are three terms that are currently at the centre of attention. Each one of them basically stands for one understanding of the researched phenomenon.

- The term **Social Entrepreneurship** stresses activities and influences connected to the process of foundation and/or service/product delivery by a social enterprise. It thus stands for a process view of the phenomenon.

- By **Social Entrepreneur** the personality, behaviour and motivation of a single person is described. This term represents an actor view of the phenomenon.

- The use of the term **Social Enterprise** is mostly found in papers elaborating organizational and managerial aspects. This streak represents an organizational view.

Every approach yields different findings and is indispensible for a comprehensive understanding of the phenomenon. It is here assumed that although the above mentioned terms represent different points of view, they nevertheless describe the same phenomenon. Thus only a definition that encompasses definitions using those different terms, is able to grasp all facets of the phenomenon.

In order to find a definition that satisfies these requirements the passage will present an etymology of the terms entrepreneurship and social as a venture point for the following sections. In those, a range of definitions by different authors will be presented and grouped according to which of the above mentioned groups they belong, to unfold the central characteristics stressed by the respective point of view. In conclusion a working definition will be elaborated for the use throughout the remainder of this thesis.
1.1. `Entrepreneurship´ and `Social´

In order to thoroughly understand the term social entrepreneurship the starting point ought to be a clarification of entrepreneurship, as the adjective social is, in a grammatical sense, only a modifier. Thus, from a linguistic viewpoint, social entrepreneurship is a variation of (classic) entrepreneurship.

On a day to day basis “entrepreneurship” is used to describe the foundation of an enterprise. Yet the meaning of the term encloses far more. Usually it is traced back to the 19th century economist Jean Baptiste Say who defined the entrepreneur as follows: „The entrepreneur shifts resources out of an area of lower and into an area of higher productivity and greater yield.“ (Say cited in Faltin 2008: 28) The French meaning of entrepreneur, “one who undertakes” is enlarged to enclose the whole act of value creation.

The most influential theorist in this context is the Austrian economist Joseph Schumpeter. He identified the entrepreneur as innovator and driving force of any economy. Central to the understanding of his theory is the process of “creative destruction” in which the entrepreneur overcomes old structures, making him a “change agent” (cf. Martin/Osberg 2007, Faltin 2008). Dees identifies two further theorists who added important aspects to the current understanding of the term “entrepreneur” (Dees 2001: 2). Peter Drucker’s concept of “opportunity”: “The entrepreneur always searches for change, responds to it and exploits it as an opportunity.” (Drucker cited in Faltin 2008: 29), and a trait added by Howard Stevenson in his distinction of the entrepreneur from business administration: “The pursuit of opportunity without regard to resources currently controlled.” (ibid.).

With respect to “entrepreneurship” most theorists have congruent viewpoints as they can draw on a strong academic history. Coming to the second part, namely what is understood to be “social” or “social ends” the differences are very broad as personal and cultural values have a great influence. Issues considered by different theorists go from providing basic healthcare and feeding the poor all the way to protecting animals and containing natural habitats. Cho states that “…the act of defining the domain of the social inevitably requires exclusionary and ultimately political choices about which concerns can claim to be in
society’s ‘true’ interest.” (Cho 2008: 36). This presents an often neglected and sometimes even protested trait of SE.

To close in on “social” Mair/Marti refer to different motives (money, altruism) as a possible approach. Referring to case studies they conclude that “… in social entrepreneurship, the main focus is social value creation.” (Mair/Marti 2006: 39) Other often cited authors stress the “social” outcome of SE using terms like: social benefit (cf. Fowler 2000), social return on investment (cf. The Institute for Social Entrepreneurs 2002), social change (cf. Prabhu 1999) or social value (cf. Dees 2001).

None of these papers elaborate further on the category of the “social” and its inherent heterogeneity\(^3\). The normative dimension of the pursued goals has to be taken seriously and conflicts between different “social ends” should always be taken into account. “… social is not only a descriptive category; rather it inevitably raises political and normative questions about whose interests are being furthered, and at whose expense.” (Nicholls 2008b: 106)

A definitive answer to what exactly is social is not possible. The answer to this question will always have a critical impact on what SE activity will be aimed at and what means will be deployed to reach those aims.

In general areas addressed by SE, are those where traditional instruments of a society to meet social needs malfunction, or those of altogether new social opportunity creation formerly unattended. The ambiguous understanding of the term ‘social’, is the root of the diverse meanings of SE.

\(^3\) For detailed elaboration see Cho (2008)
1.2. Process View

Early definitions that use the term Social Entrepreneurship, like the one put forward by Leadbetter in 1997, are still very unspecific. Newer papers still recognize this as a problem of those first attempts to define Social Entrepreneurship (eg. Nicholls 2008a, Martin/Osberg 2007).

Authors that use the term Social Entrepreneurship in more recent papers typically stress the fact that SE is a process that includes multiple stages. Therefore they are here understood to adopt a process view. Generally descriptions include the moment of identifying a problem, recognising it as an opportunity, seeing a possibility to solve the problem, putting the solution to praxis, and finally sustaining and steadily improving the impact of this solution. Apart from this general understanding as a process, different authors add varying focal points.

The definition of Martin/Osberg accentuates the possibility of systemic change using the concept of societal equilibria. Mair/Marti on the other hand write about value creation and stress the innovative character with respect to the use of available resources. They add the fact that equal to Social Entrepreneurship, which generally refers to the creation of a new venture, there is Social Intrapreneurship, corresponding to the possibility of SE occurring inside an existing organization. Nicholls sees social entrepreneurs work towards blended value in the sense put forward by Emerson (cf. Emerson 2003). In this context social value as an outcome of the process of SE is measurable by several means (SROI, Triple Bottom Line Accounting etc.). This underscores the process view adopted, since an outcome is always something that comes from a process or action as a result or consequence.

Social Entrepreneurship/Process View

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadbetter (1997)</td>
<td>The use of entrepreneurial behavior for social ends rather than for profit objectives, or alternatively, that the profits generated from market activities are used for the benefit of a specific disadvantaged group.</td>
</tr>
</tbody>
</table>
II. THEORETICAL FOUNDATIONS

Mair/Marti (2006)  
First we view social entrepreneurship as a process of creating value by combining resources in new ways. Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And third, when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations. Importantly social entrepreneurship, [...], can equally occur well in a new organization or in an established organization, where it may be labeled as "social intrapreneurship."

Nicholls (2008a)  
Innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systemically by using a range of resources and organizational formats to maximize social impact and bring about change.

Martin/Osberg (2007)  
We define social entrepreneurship as having the following three components: (1) identifying a stable but unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony; and (3) forging a new, stable equilibrium to alleviate the suffering of the targeted group through imitation and creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.

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Chart 1: Definitions: Social Entrepreneurship/Process View
1.3. Actor View

Definitions that use the term Social Entrepreneur center on the person and personality of the Social Entrepreneur, thus giving an actor view of the phenomenon. A much resonated definition in this group was put forward by Dees 2001. Although Dees uses the term Social Entrepreneurship, his definition ultimately centers on the persona of the Social Entrepreneur. It was therefore included here.

Throughout SE research, papers on different personality traits of the Social Entrepreneur have played a focal role. Much research is centered on case studies, and the fascinating stories of Social Entrepreneurs have contributed greatly to the rapid rise of the concept’s popularity in the public. Papers in this group occasionally mirror a certain glorification of the respective persons.

The book “How to change the world: Social Entrepreneurs and the Power of new Ideas.” by David Bornstein is a perfect example of this focus on single persons. The book. Published in 1998, tells the stories of successful social entrepreneurs and introduces a definition that strongly draws on the ideas of Bill Drayton. Drayton, the founder of Ashoka, the world’s biggest organizations advocating Social Entrepreneurs (see chapter II.4.2.2) is attributed with inventing the term Social Entrepreneurship in the seventies. The Schwab Foundation is another support organization whose definition reflects a certain glorification when they state that a Social Entrepreneur “Combines the characteristics represented by Richard Branson and Mother Teresa.” (Schwab Foundation 2011). Most definitions using the term Social Entrepreneur share this common trait. It is subject to ongoing criticism (cf. Seelos/Mair 2004).

Social Entrepreneur/Actor View

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bornstein (1998)</td>
<td>A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber, and is totally possessed by his or her vision of change.</td>
</tr>
</tbody>
</table>

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* A earlier version of the paper was already published in 1998.
Dees (2001) Social entrepreneurs play the role of change agents in the social sector, by: Adopting a mission to create and sustain social value (not just private value); Recognizing and relentlessly pursuing new opportunities to serve that mission; Engaging in a process of continuous innovation, adaptation, and learning; Acting boldly without being limited by resources currently in hand, and; Exhibiting heightened accountability to the constituencies served and for the outcomes created.

Schwab Foundation (2011) A social entrepreneur is a leader or pragmatic visionary who: Achieves large scale, systemic and sustainable social change through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of these; Focuses first and foremost on the social and/or ecological value creation and tries to optimize the financial value creation; Innovates by finding a new product, a new service, or a new approach to a social problem; Continuously refines and adapts approach in response to feedback; Combines the characteristics represented by Richard Branson and Mother Teresa.

Drayton (2002) A major change agent, one whose core values center on identifying, addressing and solving societal problems.
1.4. Organizational View

The third string in defining SE uses the term Social Enterprise. Basically papers utilizing this term deal with organizations implementing social entrepreneurship. A host of different organizational structures and hybrid forms between non-profit and for-profit are being described, displaying a very practical viewpoint and a understanding that is a lot wider than the preceding ones (cf. Alter 2007, Defourny 2001, Noya 2009).

Kerlin stresses the different perceptions of the concept in the USA and continental Europe (cf. Kerlin 2006). In U.S. American academia Social Enterprise is understood to include ventures along a continuum from profit-oriented businesses engaged in socially beneficial activities, to double bottom line activities that mediate profit goals with social objectives to non-profit organizations engaged in revenue generating activities. “However outside of academia and consulting firms, much of the practice of social enterprise in the United States, termed social enterprise remains focused on revenue generation by non-profit organizations.” (Kerlin 2006: 248)

Whereas in the USA Social Enterprises are seen as part of the market economy, in Europe they are recognized as part of the third sector. The EMES Research Project is trying to establish the ideal attributes for a Social Enterprise based on their ongoing research. This approach is adopted by the OECD (cf. Noya 2009) and their definition builds on the findings of the EMES. In addition to its definition, the EMES stated 9 key characteristics:

To encompass the economic dimension the EMES proposes four points:

- A continuous activity producing goods and/or selling services
- A high degree of autonomy
- A significant level of economic risk
- A minimum amount of paid work

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5 see ISE definition Table 1
6 The EMES (The Emergence of Social Enterprise in Europe) researches Social Enterprise throughout Europe, financed by the European Commission.
II. THEORETICAL FOUNDATIONS

The social dimension is covered by five points:

- An explicit aim to benefit the community
- An initiative launched by a group of citizens
- A decision making power not based on capital ownership
- A participatory nature, which involves the persons affected by the activity
- Limited profit distribution

(cf. Defourny 2001)

The central difference between the U.S. American understanding and the European one roots in the fact that the latter includes cooperatives and is thus not basically opposed to the distribution of profit. In this context Young and Solomon state that, “In Europe, the notion of social enterprise focuses more heavily on the way an organization is governed rather than on whether it strictly adheres to the nondistribution constraint of a formal nonprofit organization.” (Young/Solomon 2002: 433)

Social Enterprise/Organizational View

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Alter (2007)</td>
<td>A social enterprise is any business venture created for a social purpose – mitigating/reducing a social problem or market failure – and to generate social value while operating with the financial discipline, innovation and determination of a private sector business.</td>
</tr>
<tr>
<td>Noya (2009)</td>
<td>Social Enterprises are generally understood as an innovative business model that meets both social and economic objectives contributing to labor market integration, social inclusion and economic development. They are a vehicle of social innovation.</td>
</tr>
<tr>
<td>EMES (2011a)</td>
<td>Social Enterprises can be defined as organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity.</td>
</tr>
</tbody>
</table>
ISE (2011) Any organization, in any sector, that uses earned income strategies to pursue a double bottom line or a triple bottom line, either alone (as a social sector business) or as part of a mixed revenue stream that includes charitable contributions and public sector subsidies.

Chart 3: Definitions: Social Enterprise/Organizational View

1.5. Working Definition

The definitions presented above were selected from an abundant field of papers dealing with the problem of defining SE. The focus of the selection process was to give a structuralized presentation of a wide range of views. In this section a working definition will be elaborated with the aim to incorporate the different approaches, drawing a picture of the phenomenon as complete as possible, grasping its different forms and shapes.

The relationship in which the concepts of social entrepreneur, social enterprise and social entrepreneurship stand is subject to discussion (cf. Brouard/Larivet 2010). As mentioned in the introduction to this chapter they are here understood to be different viewpoints of the same phenomenon. Brouard/Larivet have presented a detailed analysis of an extensive range of definitions and consequently illustrated the connections between the concepts using a graph.

![Graph 1: Relating the Concepts (Brouard/Larivet 2010: 51)](image-url)
Although Brouard/Larivet see the concepts as clearly distinguished the authors ascribe them a strong linkage. The illustrated links represent the following relations:

1a A Social Entrepreneur is necessarily engaged in social entrepreneurship (strong link).
1b Social Entrepreneurship is necessarily embodied by (at least) one social entrepreneur (strong link).
2a A Social Entrepreneur’s project has to be crystallized in an organizational form called social enterprise (strong link).
2b A Social Enterprise can be run by a Social Entrepreneur or not (weak link).
3a Social Entrepreneurship leads to the creation or the development of a Social Enterprise (strong link).
3b A Social Enterprise is not necessarily or permanently engaged in a social entrepreneurship process (weak link.)

(Brouard/Larivet 2010: 51)

The difference between strong and weak links roots in the necessity of involvement. Even though a Social Entrepreneur’s Project (small as it may be), regardless to its organizational form, is called Social Enterprise, it must not be run by a Social Entrepreneur. The Entrepreneur might, through time, have turned into a manager or left the company. 2b does not represent a necessary involvement and is thus a weak link. The same is true for 3b, as a Social Enterprise might at one point be the outcome of a Social Entrepreneurship process but must not be permanently involved in such a process.

Defourney/Nyssens simplify more than just a little writing “...simplifying a little, one could say that social entrepreneurship was seen as the process through which social entrepreneurs created social enterprises.” (Defouny/Nyssens 2008: 4). But nevertheless this quote describes the basic relationship of the concepts also shown by Brouard/Larivet. This leads to the conclusion that consequently all concepts describe the same phenomenon from different viewpoints. The Social Entrepreneur is the founder and principle actor, a Social Enterprise the tangible outcome (but not the only possible). Insofar Social Entrepreneurship as the one term describing this process, encompasses the concepts of the Social Entrepreneur and the Social Enterprise as subsets, and will ultimately be used to refer to the
II. THEORETICAL FOUNDATIONS

described phenomenon. In accordance with these assumptions the following **working definition** was designed by the author:

**SE is here understood to be a process in which the creation of social value through innovation is of central importance. Resources are combined in new ways to meet unrecognized social needs and bring about social change. This process evolves around persons or groups founding new organizations offering services and/or goods.**

Given this working definition the following section will try to place SE in context with other concepts in the third sector as well as society as a whole.

### 1.6. Contextualizing SE

Martin/Osberg refer to “Shades of Grey” when taking their efforts of defining SE into perspective. In practice, as they concede, many hybrid models are used and many actors use different approaches similarly and without any regard to definitional boundaries (Martin/Osberg 2007: 38).

Before going deeper into the different contexts of SE, one often used term will have to be clarified: **the third sector**. This term is often used similarly to the terms social economy or non-profit sector.

According to Defourny “*The third sector is involved in the allocation of resources through production of quasi public goods and services.*” (Defourny 2001: 1)

The EMES explicates: “*... the main criterion for deciding whether an organization belongs to the third sector is the fact that the organization is governed in a way that ensures that the potential surplus is used and reinvested alongside social criteria. This is ensured through having the organization governed by stakeholders with a multi-goal agenda, or by a set of different stakeholders, who have to agree on a balanced set of material goals or other purposes; such organizations would then not have to be non-profit, but they would have to be not-for-profit.*” (EMES 2011b)
This acknowledges the economic dimension that many third sector organizations undeniably have. Organizational forms like cooperatives, mutual societies and forms of social enterprises are within the grasp of this definition. Classic voluntary organizations and charities can also be subsumed.

In her seminal paper “Social Enterprise Typology” from 2007 Alter structures different actors in the third sector with considerable success. She illustrates a spectrum, putting different types of organizations into relation according to their motives, accountability and use of income. Located at the intersection between business and classic non-profit organization she identifies four hybrid organization types, one being the social enterprise (cf. Alter 2007).

![Hybrid Spectrum](image)

As Figure 1.2. shows, Alter differentiates between four types of hybrid practitioners making purpose the central trait of distinction. On the one hand non-profit organizations with income generating activities and social enterprises are founded with the intention to create social value, on the other hand socially responsible businesses and corporations practicing social responsibility are established with the intention to create economic value. Alter uses the terms mission motive against profit-making motive to highlight the different intentions.

To better understand this trait of distinction between the different models a much resonated approach by Mair/Noboa will be introduced. The two theorists have investigated individual motivation for social entrepreneurship. In their 2006 paper “How intentions to
form a social enterprise get formed” they combined classic entrepreneurship approaches with empirical data on SE to form a model of social entrepreneurial intentions (see Graph 3).

The authors identify individual intentions at the root of SE activity. “Intentions reflect the motivational factors that influence behavior and are a reliable indicator of how hard a person is willing to try and how much effort he/she makes to perform a behavior (Ajzen, 1991: 181).” (Ajzen cited in Mair/Noboa 2006: 7) According to the model, behavioral intentions in the case of SE originate in the perceived desirability for social change and the perceived feasibility of founding and running a social enterprise. The perceived desirability is governed by the emotional and cognitive attitudes of the individual: empathy and moral judgment. The roots of the perceived feasibility are labeled enablers. Under this term Mair/Noboa subsume self-directed factors like self-efficiency and others-directed factors like social support. Through their model the authors try to show how the motivation for SE behavior works on an individual level.
Given this individual level, the question remains what the basic terms Mair/Noboa come down to (i.e. social support or moral judgment) originate. Obviously the roots cannot be found in the individual anymore but must be sought on a different level, taking external factors into account.

To understand why these external factors are so important for SE, several authors use the structuration theory by Giddens. Mair/Marti put it as follows: “Giddens’s theory may help us to better understand how social entrepreneurship comes into being by directing our attention to a fundamental unit of analysis: the interaction between the social entrepreneur and the context. That interaction is crucial to understanding the process of social entrepreneurship.” (Mair/Marti 2006: 40)

With his structuration theory Giddens succeeded in unravelling theoretical dichotomies between the system and the individual. The central concept of his theory is circular (see Figure XX). All human action is embedded in a socio-economic structure that is governed by certain norms and rules. Thus all human action partially predetermined in the sense that it evolves along those norms and rules. Human action (agent) in turn influences those norms and rules and thus alters the socio-economic structure (see graph 4).

In the above cited quote by Mair/Marti, as well as in the working definition7, used here SE is understood as a process of continuous interaction between individuals and the context that they are embedded in.

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7 See section II.1.5.
Giddens’s structuration model shows why the analysis of the national framework is so important for understanding SE. The ‘rules’ are to be understood as the constraining part of the model, the ‘resources’ as the enabling part. The ‘agent’ stands for the individual, by ‘social systems’ Giddens means what has so far been called society (Cajaiba-Santana 2010: 98 ff.).

“The ‘social context’ is conceived as a movement where individual (or collective) actions ‘structure’ social systems and are in turn ‘structured’ by them. This process is recursive; there is no identifiable starting point.” (ibid.: 99)

The focus of structuration theory lies in the dynamic of the interaction represented by the arrows in Graph 4. It stresses the fact that none of the parts can be understood on their own but have to be analysed in context. “Structuration theory stresses the importance of investigating through a processual perspective the recursive relationship between everyday practices and the social system where they are embedded.” (Cajaiba-Santana 2010: 89)
Whereas in the case of SE, the part of the agent has been extensively researched\(^8\), the locally diverse frameworks of SE activity have not received the attention they deserve when taking Giddens` theory into consideration. In this thesis what is labelled `social systems` in graph 4 will be laid out and the relevance to SE will be researched.

1.7. Critical Assessment

Being a concept that is located at the border between the non- and for-profit realm, SE always had fierce critics on both sides. To finalize this clarification of the concept a critical assessment will be presented by illustrating some of the more common points of critique.

One of the most widely resonated points of criticism evolves around the term `social` in the term SE claiming that a distinction to classic entrepreneurship is blurry or not even possible or sensible. As clarified in section II.1.1. a clear cut definition of the term social is not possible due to its inherently subjective character. Declaring the multitude of definitions that result from this, is a conclusion that cannot be approved of here. It hopefully was shown in the respective section that this blurriness has its own advantages. Denouncing it a drawback is solely a question of opinion.

In recent years the discourse evolving around SE has drastically gained momentum. Most surprisingly a very wide range of players from third sector practitioners to Fortune 500 executives have promoted the concept. This gives rise to the question if this discourse is driven by the fascination of the concept or, as Mair indicates, a concept solely installed by elites: "... it has been elite endorsement of the phenomenon by the leaders of powerful communities–that has stimulated the broad interest and public exposure to social entrepreneurship as a defining trend of the twenty-first century." (Mair 2010: 15) But as Mair also rightly recognizes, for research may it be a trend, hype, or the decisive innovation of the 21\(^{st}\) century. As far as research goes it is far more important to understand how SE works, what makes it successful etc.

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\(^8\) One approach to SE intention was introduced on page 28ff.
Another often repeated flaw of SE is its proximity to the market and glorification of market based solutions for social problems. Authors like Dart see the emergence of SE in the context of the rise of neo-classical politics throughout western countries (Dart 2004: 419). He grounds his analysis on the concept of moral legitimacy, claiming that SE is a concept in line with the pro-market political climate. “... social enterprise is likely to continue its operational definition more narrowly focused on market-based solutions and businesslike models because of the broader validity of pro-market ideological notions in the wider social environment.” (Dart 2004: 412) While the basic statement, placing SE in the context of pro-market politics is comprehensible and valid the further conclusion that SE will lose its innovative character is very pessimistic and only one of many possible developments.

Cook/Dodds/Mitchell go even further claiming that SE is built on false basic assumptions. “These features appear to be consistent with the current economic orthodoxy (sometimes called economic rationalism), which places an emphasis on the individual and denies systemic failure.” (Cook/Dodds/Mitchell 2001: 27). Most prominently they point to the acceptance of unemployment being an allocation problem in contrast to a lack of state engagement, the acceptance of fiscal limitations of government spending and alleged efficiency enhancement by using market-based models in the welfare sector (ibid.).

While all these points are eligible two points can be answered. The fact that the political theories of recent years have changed the third sector as described by the authors is true. What is left astray is the fact that, desirable or not, practitioners today have to deal with the existing conditions the best way they can. SE offers them a set of tools to achieve their goals in today’s third sector. This does not mean that they cannot work towards a systemic change according to their believes.

Furthermore it has to be contained that SE should not be understood as a blueprint concept for the whole third sector but as part of it. It can in no way be a supplement for the wide range of other models or citizenship and state welfare. SE can offer innovative solutions for specific problems by providing an organizational and financial concept that unites traits from classic non-profit and for-profit organizations.
As Cho concludes: “... SE is a promising tool for resolving specific problems, but it must be seen as a complement rather than a substitute for processes of governance and deliberation.” (Cho 2008: 54)
2. Research Framework

Most research in SE so far focused on the individual agent and left structural conditions unattended. But, as clarified in the preceding chapter, SE as a phenomenon is embedded in social, political, cultural and economical contexts. To understand the state and potential of SE in Austria, it is necessary to understand the structural framework for SE and how it influences present and future SE activities. In this chapter a research framework to map the different external influences and analyze their effect will be introduced.

Since there is no established methodological approach to research external influences on SE, it will here be attempted to adapt a concept that has and is been successfully used to research classical entrepreneurship. This approach was first taken by Vollmann 2008, to analyze SE in Germany and made it possible for him to draw a coercive picture of the German situation (cf. Vollmann 2008).

Building on his lead the next section will introduce the Global Entrepreneurship Monitor followed by a section discussing the possibility of applying the GEM research framework to SE.

2.1. The Global Entrepreneurship Monitor (GEM)

The GEM is a widely recognized research project that assesses entrepreneurial activity on a national level, making global comparisons possible. The GEM focuses on how the respective national characteristics in the social, cultural and political spheres influence entrepreneurship and thus economic growth.

In 1997 GEM was initiated by London Business School and Babson College, starting out with 10 countries. After a steady growth the GEM Global Report 2010 can build on research in 59 economies around the world. In 2005 the national research teams and the founding schools established an independent, non-profit company called the Global Entrepreneurship Research Association (GERA) to oversee the operations of GEM. The project conducts

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9 [www.gemconsortium.org](http://www.gemconsortium.org)
ongoing research in entrepreneurial activity worldwide aiming to contribute to economic
development by furthering knowledge about entrepreneurship (cf. Kelly et al. 2010: 62). To
this aim yearly reports and special subject reports are published on a regular basis.

The GEM focuses on three main objectives:

1. To measure differences in entrepreneurial attitudes,
   activity and aspirations among economies.
2. To uncover factors determining the nature and
   level of national entrepreneurial activity.
3. To identify policy implications for enhancing
   entrepreneurship in an economy.

(Kelly et al. 2010: 13)

The GEM Research is based on a model that shows how the social, political and cultural
context of a society is the basis for development of its economy in general and
entrepreneurship especially. From this general context the GEM derives three sets of
framework conditions that are connected to entrepreneurship. “These framework conditions
are modeled as impacting the attitudes of a population toward entrepreneurship, and the
activity and aspirations of entrepreneurs.” (Kelly et al 2010: 14)

The model (see graph 5) starts out from the general social, political and cultural contexts
that are specific to every society. From this vantage point general national framework
conditions (NFC) and entrepreneurial framework conditions (EFC) are derived. The NFCs
include conditions that are of primary importance to companies already established while
the EFCs are of special importance to start-up activity. These conditions can further or
constrain entrepreneurial activity which in turn has an impact on the general economic
growth of a country (Apfelthaler et al. 2008: 12 ff).
The impacts the different sets of conditions have depend on the state the economy is in. In this context the GEM uses a typology by the world economic forum that classifies economies as being factor driven, efficiency driven or innovation driven. Graph 6 illustrates stages and connects the according sets of framework condition.
It is assumed that the conditions that need to be considered correspond to the type of economy that is investigated. Thus an economy that is innovation driven will have most of the conditions subsumed under basic requirements and efficiency enhancers realized. Therefore the entrepreneurship conditions would be the set of interest.\(^\text{10}\)

Although Austria was not included in the 2010 GEM report it can be assumed that it counts into this third group as all other Western European countries do (Kelly 2010: 9). Thus the conditions subsumed under entrepreneurship conditions will have to be taken into consideration. The question remains if these conditions could be applied to SE. In the next section the respective points will be discussed one by one to answer this question and clarify on the need and possibility of adapting the GEM framework to analyze SE in Austria.

2.2. Adapting the GEM

Using the GEM makes it possible to rely on an empirically tested research framework that acknowledges the importance of agent level traits like age, gender and personality while focusing on the types and importance of structural influences.

For the GEM reports, local departments mostly located at universities, conduct a representative survey among the population between 16 and 64 called Adult Population Survey (APS). Furthermore a range of national experts are questioned for the National Framework. This reflects in Figure 1 and had to be taken into account due to the fact the last GEM Report for Austria is from 2007.

\(^{10}\)Earlier reports used to show the conditions in the first two groups under the label General National Framework. This reflects in Figure 1 and had to be taken into account due to the fact the last GEM Report for Austria is from 2007.
Expert Survey (NES). In the case of Austria 36 Experts were interviewed for the report published in 2008.

Whereas the GEM relies on the APS and NES to test the respective categories this will not be possible for the here presented thesis due to the extensive data collection efforts necessary. All categories approved to be relevant for SE in the following section were included in a researching effort to uncover existing data. To this end an extensive secondary literature review was conducted that yielded the data this thesis is based upon.

The GEM set of entrepreneurship conditions subsumes nine categories: government policy, entrepreneurial finance, entrepreneurship programs, entrepreneurship education, R&D transfer, internal market openness, physical infrastructure for entrepreneurship, commercial and legal conditions for entrepreneurship, cultural and social norms. For each of these categories the questions of relevance for SE will be discussed.

**Government policy**

*“The extent to which taxes and regulations are either size-neutral or encourage SMEs.”*  
(Kelly et al. 2010: 47)

The shot summary on the content of this category given in the 2010 GEM report clearly reflects the focus of the report on classic entrepreneurship. The aim is to assess political efforts to foster entrepreneurship by providing favorable conditions. Also the general political situation is evaluated on a national level.

This basic point can be adapted to analyze framework conditions directly. For SE government policy is equally important as for classic entrepreneurship. The overall political situation, especially the recognition of SE on the political stage, is of crucial importance. Government policy defines the legal situation for SE ventures as well as administrative barriers and tax regulations.
Internal market openness

"Contains two components: (1) Market Dynamics: the level of change in markets from year to year, and (2) Market Openness: the extent to which new firms are free to enter existing markets." (Kelly et al. 2010: 47)

Evaluating the structure of the market is supposed to shed light on barriers for market entries, its competitiveness and recent developments.

Unlike classic entrepreneurship that can be found in all kinds of branches, SD is rooted in a specific part of the economy: the third sector. Therefore, this point will first have to give an overview of the third sector. Subsequently it will describe the changes this sector has undergone in recent years and the kind of impact this has on the development of SE.

Entrepreneurial finance

“The availability of financial resources—equity and debt—for small and medium enterprises (SMEs) (including grants and subsidies).” (Kelly et al. 2010: 47)

For entrepreneurs sufficient access to financing is central. The availability of credit and other sources of funding can decide if an idea becomes reality or not or if an existing venture is given the possibility to expand.

This category is of prominent importance as the availability of capital to SE it extremely scarce. 37% of Austrian young entrepreneurs claim that financing is a problem in the start-up phase (Apfelthaler 2008: 13). The percentage in an SE context can be supposed to be significantly higher. But as financing for SE differs greatly from classic financing these differences will have to be considered first. Subsequently the availability in Austria will be assessed.
Entrepreneurship programs

“The presence and quality of direct programs to assist new and growing firms at all levels of government (national, regional, and municipal).” (Bosma et al. 2008: 42)

In this category the GEM goes into government programs especially. These programs can be a great help for young and upcoming companies that try to embrace innovative approaches (Apfelthaler 2008: 42).

In the context of SE comparable programs can have much the same positive impact they have elsewhere. Due to its third sector context and the novelty of the concept, programs furthering SE are in many cases not state funded but offered by foundations and other NGOs. Accordingly this section will investigate existing public and private programs available to Austrian SE and try to assess their impact.

Entrepreneurship education

“The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels (primary, secondary and post-school).” (Kelly et al. 2010: 47)

In this context the GEM attempts to estimate to what extent abilities favorable for entrepreneurship are trained on all educational levels. Apfelthaler stresses that not only managerial abilities are important but also personal traits like risk-taking and creativity (Apfelthaler 2008: 13).

Since it is assumed that classic entrepreneurship can be taught to a certain extent, the same should be expected of SE. Which role exactly education can play for entrepreneurial behavior will be clarified first, to consequently assess in how far the Austrian educational system incorporates methods and incentives for entrepreneurial behavior. The school system as well as the university education will be considered.
R&D transfer

“The extent to which national research and development will lead to new commercial opportunities and is available to SMEs.” (Kelly et al. 2010: 47)

Especially in technological highly developed branches of the economy R&D, the existence of public research centers at universities and elsewhere and the availability of knowledge is of crucial importance. The GEM investigates the access of SMEs to this knowledge and tries to answer the question if entrepreneurial activity is motivated by the structures in this sector.

A direct adaption of this point is not possible since the process of social innovation significantly differs from its technical counterpart. But the transfer of knowledge among actors in the field of SE can be of great importance to spread best practice models or knowledge about financing possibilities.

In part this category will be covered by the chapter on support programs. Furthermore there is a highly interesting concept to spread best practice models of SE derived from the business franchising concept. But an appropriate presentation would go beyond the scope of this work\(^\text{11}\). Thus this category will not be included in the subsequent analysis.

Physical infrastructure for entrepreneurship

„Ease of access to physical resources—communication, utilities, transportation, land or space—at a price that does not discriminate against SMEs.” (Kelly et al. 2010: 47)

The Austrian infrastructure is, as in most western European countries, highly developed. In the 2007 GEM report, experts judged the good infrastructure as a condition furthering entrepreneurship (Apfelthaler 2008: 47). It can be assumed that the situation has not changed significantly since then.

\(^{11}\) For further inquiry see “Social Franchising - Social Entrepreneurship Aktivitäten multiplizieren”. Dissertation at the University of St.Gallen by Valerie Hackl in 2009.
Considering that an adaption of this point is not sensible since the infrastructural setting is the same for all actors in an economy and discrimination of SMEs was not found in 2007, this section will not be further elaborated. In accordance to the 2007 GEM report on Austria quality and access to infrastructure for all actors in the economy will be considered a given.

**Commercial/legal conditions for entrepreneurship**

“The presence of property rights and commercial, accounting, and other legal services and institutions that support or promote SMEs.” (Kelly et al. 2010: 47)

The contents of this category relevant to SE are being considered in the sections government policy and entrepreneurship programs. To prevent repetition this section will not be further elaborated.

**Cultural and social norms**

“The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.” (Kelly et al. 2010: 47)

This category tries to shed light on the extent to which entrepreneurial activity is encouraged by social and cultural norms and how entrepreneurs and entrepreneurship are esteemed in society. Risk affinity, strive for success, creativity and other personal traits considered as entrepreneurial are not genetically inherited, but significantly influenced by society (Apfelthaler et al. 2008: 14).

For Social Entrepreneurs the presence of certain cultural values has an important impact. They influence the general disposition of every member of society to engage in SE activity. Also the way in which SE is perceived is formed by basic cultural and social norms.

To assess those values impacting SE, on the one hand entrepreneurship activity and intentions in Austria will be investigated to deduce core factors. As not only entrepreneurial behavior, but also norms relating to social commitment affect SE, these will also be investigated.
III. Analysis of the Framework Conditions

The second and central part of this thesis is dedicated to the implementation of the research framework introduced in part II. One by one the presented categories that have been found relevant to SE will be analyzed in depth.

These inquiries will always try to highlight those parts of the fields chosen that are of special relevance to SE. The necessary process of limitation is extremely difficult as the number of conditions having some kind of impact is virtually infinite. In the context of this thesis it was tried to find research categories that would help understand framework conditions on a national level as this is the scale ultimately relevant for subsequent changes in Austria.

Although Austria is a federal state, when it comes to trend setting decisions, these are almost always made on the national level. As Pelinka puts it: “Austria is a ‘centralized federal state’.” (Pelinka 2003: 608)

To further narrow the presentation it was drawn on the used literature. On the one hand the existing information is in many cases very scarce since the topic itself has not been worked on. Also, where possible, the information gathered by Lehner in his 2010 study was used to evaluate the relative importance of different factors (cf. Lehner 2010).

The BOXES that are spread throughout the text are best practice examples relating to the presented categories. Where possible, examples from Austria are presented.
1. Social System and Legal Framework

In this chapter the general political system of Austria will be shortly introduced as a base for the inquiries of the following chapters. The parts that have special relevance for SE will be emphasized. As indicated in the research framework this chapter will also introduce the Austrian legal framework being the factual outcome of policy. As SE is not yet broadly recognized most legal regulations introduced are originally coined on classic NPOs. Nevertheless they are very relevant to any SE activity as they present the only existing legal framework there is so far.

1.1. General Political System

Austria is a democratic, federal republic with elements of direct democracy. Since 1995 Austria has been part of the EU, in 1999 the Euro was adopted as currency. The nine federal states have far reaching rights and competences embodied in their constitutional general competence which makes any competence not explicitly adjudicated to the federal government a state competence. Although theorists call Austria a `centralized federal state´ due to the factual influence of the federal government, especially in the third sector federalism plays a prominent role that will be further discussed in the next chapter (Pelinka 2003: 608).

Austria´s parliamentary representative democracy is strongly influenced by the two main parties: the Social Democratic Party of Austria (SPÖ) and the Austrian People´s Party (ÖVP). Their influence is far reaching in almost all parts of society (Badelt et al. 2007: 58). A significant influence on the third sector is emphasized by several authors (cf. Neumayr et al. 2007, Badelt et al. 2007). It was intended to document the stance of the political parties towards SE, considering their broad influence. Disappointingly research has shown that there is virtually no recognition of the concept. Although there were several speeches of government officials at SE events, no documented stance could be found. The only context
in which a party could be named is the case of former Green Party city council Marie Ringler
who now heads the Austrian branch of Ashoka.\footnote{\textsuperscript{12} Ashoka is an organization that
further the development of SE globally. It will be more closely introduced in chapter II.4.2.2.}

\section*{1.2. Social and Economic Partnership}

A further characteristic of the Austrian political system is the significant role of professional
associations and chambers. In the case of the different chambers (eg. Chamber of
Commerce), membership is even required by law. \textit{“Many of these associations have an
outstanding influence on social and political issues in Austria’s corporatist and tripartite
model (“Social and economic partnership”) and cooperate closely in this context.”} (Neumayer
et al. 2007: 2)

The Social and Economic Partnership has its roots in the 1950s. Representatives of different
societal interest groups (employers, employees, government) founded a system of
cooperation to discuss questions of economic and social relevance. Aim was to avoid social
turmoil by working out compromises on a voluntary basis that would have broad acceptance
in the population. The members are all Austrian chambers: the Austrian Federal Economic
Chamber, the Federal Chamber of Labor, the Federation of Austrian Trade Unions, and the
Chamber of Agriculture. But most importantly the business and professional associations
and unions that are very well organized in Austria all take part (Neumayr et al. 2007: 10f).

Almost every one of these players can be accounted to one political party, in the majority of
cases to the ÖVP or SPÖ.\footnote{\textsuperscript{13} ÖVP is the Austrian People’s Party, the mid-right
party; SPÖ is the Social-Democratic Party of Austria, the mid-left party. They are the two
biggest political parties of Austria.} Since the year 2000 the influence of these structures is slowly
decreasing due to market oriented tendencies and the entry into the EU that shifted many
competences away from the national level (Pelinka 2003: 628ff).

This exceptional entanglement often gives rise to alleged “Vetterlnwirtschaft”. The Austrian
word stands for the close connections of many stakeholders in public decision processes at
all levels that often make these processes seem unclear and give rise to doubts concerning
the integrity of these decisions. But looking at hard facts of actual corruption, as far as
possible, Austria is in the EU midfield sharing rank 15 with Germany according to the
Corruption Perceptions Index by Transparency International (TI 2011). This Austrian trait often talked about may just be rooted in the undeniable fact that the elites of a country with just over eight million inhabitants are quite small. Political decision processes in which the stakeholders know each other personally are in this context quite probable. Despite the recent corruption scandals any further influence on political decisions cannot be proven.

**BOX I: The Social Enterprise Unit – fostering SE on an administrative level**

In recognition of the possible impact of SE the British government founded the Social Enterprise Unit (SEU) in 2001. At the time there were already several programs, relating to SE, located in different parts of the administration. The SEU was supposed to bundle forces and provide a strategic framework. In the strategy “Social Enterprise: A Strategy for Success” launched 2002 central barriers for SE activity were identified and a three year plan was designed to tackle them.

The SEU acted as a coordinating force for the same public and private stakeholders that also took part in the development process of the SEU strategy. The 2005 progress report confirmed the deliverance of desired outcomes like general growth, grown public reception and more public and private support. As the rationale for supporting SE remained valid, the commitment was raised to a new level by the appointment of a Minister of the Third Sector to the cabinet and the establishment of a respective office.

SE Action Plan 2006:


Minister for the Third Sector:

http://www.cabinetoffice.gov.uk/content/nick-hurd-minister-civil-society
1.3. Social Security System

A further part of state policy highly influential on SE is the Austrian social security system. Looking at the working definition it gets clear that the extent and fashion in which the social security system satisfies social needs is directly connected to the extent and design of SE activity.

Austria has a long tradition as a welfare state with roots in the late 19th century in Bismarkian ideas. The responsible ministry defines social policy as: “... a crucial contribution to the prevention and avoidance of poverty, the establishment of preconditions for social cohesion and coping with demographic and economic changes.” (BMASK 2010: 6; own transl.)

2009 spending reached a historic high of 30.7% of GDF due to the recent economic crises. Monetary benefits make up two thirds of social spending. While non-monetary benefits are still less, they have heavily increased in recent years due to growing demand. This could point to an extending involvement of non-governmental organizations since services in the social sector are outsourced in more and more cases. The BMASK explicitly names the members of the described 'Economic and Social Partnership' as “... playing a central role in the political process of forming opinions and creating solutions.” (BMASK 2010: 7) This emphasizes the influence of this institution once again.

1.4. Influence of the Church

In the Austrian social system the influence of the churches, especially the Catholic Church due to its size, cannot be left out of consideration. As a reference: in 2003 over 30 000 people were active in Christian churches, more than half as volunteers. This number does not yet include affiliated foundations, associations etc. Especially as providers of social-, health-, and educational services, churches and related organizations play a weighty role (Badelt et al. 2007: 59).

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14 A more detailed analysis of this development will be presented in chapter II.2.3.
1.5. Legal Framework

Legal regulations represent the viable outcome of political processes. For changes in society occur permanently and are not always lasting, the time span from the rise of a new concept, societal change or social need, to its representation in the legal system can take quite long and requires a strong lobby and broad approval.

For SE being a young concept that has, compared to other countries, not yet gained full momentum in Austria this means that so far there are no legal regulations that mirror the needs of SE ventures. In this context most problems stem from the fact that there is no legal form for SE ventures. In most countries SE organizations (SEO) have to choose between a classic business model or the different models for classic NPOs. Examples of regulations that hinder SE are minimum capital requirements for microfinance institutions or help lines that have to deal with the same telecommunication regulations as business ventures (Linklaters 2006: 2f).

Internationally there are several examples of legal forms for SE. Italy was one of the first countries to introduce special legislation for social enterprises called the ´impresa sociale´ (see BOX II). The UK have the CIC (Community Interest Group) and the US have introduced the L3C (low-profit limited liability company), tailored for social enterprises.

“The legal framework is very important when it comes to issues such as tax-deduction and exemption, participation of employees and stakeholders, access to equity capital, dividend payouts and the ability to receive grants.” (Lehner 2010: 62)

In Austria all legal forms that grant any privilege are coined on classic NPOs. Just recently the model of the ´gemeinnützige GmbH´ (gGmbH) was introduced broadening possibilities. Lehner expresses hope that this model could, by way of further extension and simplification, become a viable legal form for SE. As of now the regulations that have to be fulfilled and the demands to be met are still so complex that they overcast the possible privileges in many cases. Nevertheless 47% of the Austrian Social Enterprises that took part in a study stated that they have applied for tax-exemptions according to the possibilities their legal form
made possible. The most commonly used legal forms were sole-proprietor with 28%, GmbH or gGmbH with 32%, and Association with 31% (Lehner 2010: 66f).

Accordingly it will be those three legal forms that will be introduced in the remainder of this section. But as Neumayr et al. clarify that all legal forms can be approved as non-profits, except partnerships (OHG, KG), making tax alleviations possible (Neumayr et al. 2007: 13). Thus the requirements for non-profit status are a further regulation of great influence. Due to the fact that tax exemptions are central means of an administration to foster certain activities, tax exemptions viable for SEOs will be presented as part of chapter II.4.1., dealing with public support programs.

1.5.1. Sole Proprietor

The legal form of the sole proprietor is wide spread in Austrian business, having the easiest founding procedure and legal standards. It allows for a single person to run a business on his/her own account and name. On the downside this person has unlimited liability for all actions of the company, not only with the assets of the business but also with all personal assets (WKÖ: 1). As Vollmann notes the limitation of liability is always an important aim for social entrepreneurs, especially in the start-up phase. In this respect other forms are better suited for SE activity (Vollmann 2008: 28).

1.5.2. Registered Association

This legal form is the most common in the whole third sector due to the small bureaucratic effort necessary to register it. The person who wishes to found a registered association has to announce a name, the intended purpose, the address and the charter to the authorities. If there is no formal objection in four weeks time, the registration is completed. Although in 2002 the accounting and reporting duties were tightened and liability of members heightened, this legal form is still the most common by far, as it is perfectly suitable for small scale activities (cf. Neumayr et al. 2007: 13, Heitzmann/Simsa 2004: 716). For SE ventures it can be a legal form suitable for a start-up phase but as soon as revenues of any kind come
into play the legal situation gets complicated. The association might still be the fitting legal form but regulations concerning the extent of taxation will have to be closely regarded\textsuperscript{15}.

### 1.5.3. GmbH/gGmbH

The fundamental advantage of the GmbH is the limited liability of the individuals running it. Contrary to the above described legal forms, liability is only as high as the primary deposit (36 000 Euros). This is at the same time a major setback. The primary deposit is necessary for the foundation of a GmbH and is often a big hurdle for SEOs who are considering this legal form. The possibility of a ‘gemeinnützige GmbH’ (charitable company of limited liability) has been more frequently used in recent years although it provides no special advantages in this respect. The tax reductions that go along with the charitable status will be presented in chapter II.4.1.2.

### 1.5.4. Other Regulations

SE ventures are object to the same regulative framework as classic business ventures in Austria. Regulations concerning employment protection, health and safety, environmental and consumer protection as well as data integrity and laws against unfair competition do not make any exception. Especially employment protection can be a big hurdle for young start ups. But as common in many other sectors these hurdles can be avoided by a host of legal clues, using exceptions, limited contracts and part time arrangements (cf. Vollmann 2008: 26).

\textsuperscript{15} For further inquiry see Achatz 2001a.
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1.4. Bureaucracy

Given the fact that SE as here defined represents a hybrid model that generates social impact and in many cases monetary revenue often makes an approval as NPO impossible. Therefore social entrepreneurs have to deal with multiple regulative frameworks as they are forced to split their activities in different parts in order to attain at least some benefits. Bureaucratic hurdles and the host of different law regulations for business start-ups are quite hard to deal with (Apfelthaler et al. 2007: 41). In the `Doing Business´-ranking of the World Bank Group Austria ranges in the lower mid-field of OECD countries. But interestingly enough especially when it comes to the category `Starting a Business´ that considers all procedures necessary regarding time, cost and minimum paid in capital, Austria is only ranking 125th internationally (cf. World Bank 2011).

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**BOX II: Impresa Sociale – blueprint for a SE legal framework**

In Italy social enterprises in the form of cooperatives have existed since the 1980s especially in the field of work-integration. In 1991 the Italian administration created a special legal form for these cooperatives, not benefitting members but the public interest, the `social cooperative`. In 2005 there were 7 300 of these organizations in Italy, employing about 244 000 people. To further integrate the third sector in 2006 the law `impresa sociale´ was created which crosses different legal forms, enabling them to attain the status of an `impresa sociale´. Main criteria are the non-distribution constraint and organized representation of different stakeholders including workers and beneficiaries. Further implications are made about proprietary structure, financial details, bookkeeping, mergers & acquisitions, special job regulations and monitoring (Defourny/Nyssens 2008: 5f).

This law is one of several throughout Europe that have been adopted recently. Laws aiming at SE have also been passed in Poland, Finland and the UK, others are already engaged in steps towards it (i.e. Hungary) (Pechner/Heckl 2007: 22f).
2. The Third Sector

The structure and development of the third sector are of central importance to any SE activity. Although SE is not always seen as part of the third sector, the here used working definition clearly positions it in its realm. Thus the specifics of this sector are decisive for the possibilities, extent and forms of SE activity\textsuperscript{16}.

This chapter will elaborate on the structural specifics of the Austrian third sector and lay out a quantitative assessment. Further it will be attempted to place the SE concept in the wider political context of recent developments in the third sector.

2.1. Structural Specifics

The Austrian third sector mirrors the structure of the political system in several ways. The strong influence of the big political parties and the church are omnipresent. Many of Austria’s larger NPOs can be directly accounted to one political party or the church. Heitzmann even claims that in several areas there exists a market division among big organizations according to their political affiliation (Heitzmann 2001: 29). This hampers the establishment and survival of neutral organizations and the general possibilities for entering those fields.

Apart from that, there is a vibrant civil society that draws on broad involvement, showing in the great variety of small associations and support groups. For organizations in this category autonomy is much less of a problem as they do not claim broad influence and are thus not of comparable interest. In most cases these organizations are locally organized or thematically rooted in a small field (Badelt et al. 2007: 61).

The variety of organizational forms in the Austrian third sector results in very heterogeneous structures. The bigger and more established organizations are often organized at state level and federally represented by umbrella organizations. This federal structure mirrors the Austrian political system and often results in a strong position of the state level

\textsuperscript{16} For a general definition of the third sector see chapter II.1.6.
organizations compared to their federal representation. The emergence of umbrella organizations has not only occurred along regional lines but also according to the areas of activity (ibid.).

State involvement is generally very widespread in the Austrian third sector. Linkages exist on the personal, financial and organizational level. All kinds of models of cooperation are practiced and new approaches are steadily developed. Like in most social welfare states, the third sector is financially highly depended on the state. Subsidies, grants, and purchase of services are just some of the shapes financial flows from the state to the third sector take.

### 2.2. Quantitative Assessment

Drawing a quantitative picture of the Austrian third sector is quite difficult due to the fact that specific statistical data is very scarce. This section will be based on a chapter in Badelt’s “Handbuch der Non-Profit Organisation” (Badelt et al. 2007) and some additional data by the Austrian NPO Institute. Although dating back to 2007 and thus not as up to date as desirable, the compilation and combination of data from economical statistics, a special analysis of a places of work census from 2001 and findings of scientific literature presents the most complete account of the Austrian third sector to be found in literature.

As pointed out in chapter 3.4. the association is the most common legal form in the Austrian third sector. The numbers in Chart 4 show the dynamic development that has not stopped yet. The immense growth that can be observed in this statistic is impressive, but it has to be contained that almost a quarter of these associations are sports clubs (Badelt 2007: 58).

| Number of registered associations 1960 - 2008 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| number                        | 42 269  | 45 734  | 58 400  | 78 835  | 104 203 | 112 945 |

Chart 4: Number of registered associations
Foundations are the second organizational form in the third sector fairly well documented. In the year 2008 there were 246 state foundations, 223 federal foundations and 3141 private foundations. Only 210 of the private foundations were labeled as charitable (cf. Schneider et al. 2010).

The number of other legal forms in the third sector is much harder to assess as the labeling of an organization as charitable is done by tax authorities and is thus not public. Related numbers are only estimations which are depicted as extremely blurry even by the authors using them. Therefore they will not be included here. But as indicated above Badelt et al. have published a special analysis of a places of work census from 2001 that yields interesting findings.

In 2001 the third sector had over 116 000 paid employees\(^1\), constituting 3.4% of total employment. Regionally employment in the third sector is very diverse. While 31.6% (36 780) of all employees in the third sector were located in Vienna, Vorarberg only hosted 3 671 (3.2%) at the time. This diversity also shows in the share the sector has in total employment. While Vienna with 4.5% and the Burgenland with 4.4% are well above the average of 3.4%, Tirol with 2.8% and Vorarlberg with 2.5% are far behind (Badelt et al.: 70f). Of all employees an overwhelming 99.6% were accountable to the service area while only 446 people were employed in the real asset production (ibid.: 72).

The fields with the highest shares of employment in the third sector are social welfare, health and education. In social welfare, third sector organizations dominated with 77.4% of employees. In the health sector 10.3% were accounted to NPOs, and in the educational system 12.1% (ibid.: 72ff).

In addition to its employees the third sector has a strong voluntary workforce. The numbers range from 116 550 full time equivalent (FTE) employees in NPOs in 1997 (Heitzmann 2001: 190), to 220 000 FTE employees in and outside the third sector in 2000 (Neumayr 2007: 5). Based on the second figure Neumayr accounts the value imputed by volunteer work at 4 022

\(^1\) Heitzmann sets the number significantly higher at 189 131 based on her 2001 research (Heitzmann 2001). Badelt acknowledges the fact and explains the difference with the different forms of employment that are not included in a places of work census, like volunteers, contractors, workers on parental leave and more.
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mill. to 5 044 million Euros\(^{18}\). Overall the total number of volunteers outnumbered employees in the third sector. However, when taking work hours into account, as done for the 20 biggest NPOs in 1995, their share of the workload only added up to about 45% of the workload carried by employees, although volunteers were almost twice as many in numbers (ibid.: 6).

As to the value of the produced goods and services as well as added value in the third sector data is even less clear. The youngest estimations accessible date back to a survey conducted in 2006 that estimates total revenue of the third sector in 2005 at about 4 billion Euros. Of this sum 50% were financed by the public sector, 37% came out of earned income activities and almost 13% from philanthropy\(^{19}\). In the same survey the total spending is estimated at 3.5 billion Euros. Of those, the biggest share averaging around 63% is personnel expenditure, 21% goes for intermediate consumption, and 16% go for taxes, investment, transfer payments and interest (Neumayr 2007: 6f).

In many cases Badelt et al. point out that used data was not originally collected for the purpose of assessing the third sector and thus cannot be fully trusted (Badelt et al. 2007: 63). Nevertheless they succeed in revealing the dimension and importance of the Austrian third sector.

These numbers are the parameters of the field Social Entrepreneurs operate in. The considerable size it already has and the dynamic growth the sector has undergone in recent decades, point to its growing importance for society. The following section will highlight recent developments in the Austrian third sector and will try to explain possible causes for its rising importance. Furthermore it will try to place the concept of SE in these developments.

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\(^{18}\) depending on the work contract used as base for the calculation

\(^{19}\) The financing structure of SE will be more closely analyzed in chapter II.3.
2.3. Recent Developments

The change the third sector has undergone in recent decades has been subject to broad academic discourse and political debate. Especially the turn towards policy schemes inspired by neo-liberal concepts since the 1980ies and the related decline in government spending as central drivers of this change have been heavily discussed.

Whereas administrations across Europe had emphasized democratization and participation as central concepts during the 1960s and 1970s, making them central criteria in the distribution of public funding, the same was true for psychologization and individualization in the late 1970ies. The late 1980s and 1990s then brought a strong drive towards marketization, making economical parameters central reference points for the allocation of public funding. A clear sign of this development is the implementation of the New Public Management (NPM)\(^{20}\) in many administrations (Neumayr 2010: 13ff).

The NPM concept governing processes of the public authorities meant a change from an input oriented governance system, controlling budget size and staff numbers, towards an output related system that defines numeric targets. The drive towards more efficiency finds one manifestation in the transfer of subsidies to performance agreements as forms of financial support (Zauner et al. 2006: 15).

For organizations in the third sector this effectively means, that public founding contracts today are very specific on the services to be performed and include a range of accountability measures and evaluation processes.

“Several governments (...) have (...) dramatically cut federal spending on social services such as education and community development (...) , creating a need for entrepreneurial activities to raise funds and address social needs. The global movement towards privatisation and marketization has also profoundly influenced not-for-profit organizations and NGOs,\(^{20}\)
pressuring them to address the gaps left in the provision of social services.” (Zahara et al. 2009: 520)

As Zahara et al. indicate the above described developments were at the root of the rise of the SE concept. As funding declined, NPOs were forced to seek new innovative solutions, often borrowing from business models, as new sources of funding had to be developed. One outcome of this development was SE clearly paralleling the described changes in public administrations.
3. Financing SE

In the third sector as in any other sector an organization needs a finance strategy. Basically the term ‘financing’ covers all activities and processes that aim at raising the financial means to build and run an organization or repay debt that was used to do so (Achleitner et al. 2007: 14).

With profit maximization out of the picture, the parameters for its design are fundamentally different from those of a classic business venture. For any SEO its mission is of central importance. Consequently the continuous provision of liquidity for the pursuit of this mission is the central task of an SEO’s financing strategy. This is achieved for two temporal horizons. To supply the sufficient monetary means to realize intended activities in the short run, and financial sustainability to keep the organization running while putting it on a increasingly self supported base (ibid.: 7ff). Due to the diverse fields of action SE ventures engage in, there is a great variety of financing strategies used.

In the following sections different strategies and instruments will be presented to give a sufficient overview of the possibilities employed by SEOs. In this context internal as well as external financing strategies will be presented. Additionally there will be a section presenting data on third sector financing in Austria, as this data yields insight into present financing activities and uncovers potentials and venture points for financing SE in Austria.

3.1. Financing Strategies of SE ventures

When analyzing different strategies deployed by SE to finance its activities, as in classic business, internal and external financing strategies are distinguished. Internal financing refers to earned income strategies that aim at using the respective income to finance the SEO’s activities. External financing subsumes financial means that are brought to the SEO as grant, debt, owner’s capital, donation or anything alike.
3.1.1. Internal Financing

Internal financing as indicated above always refers to some kind of generated income strategy. In the case of SE being a hybrid model, internal financing strategies manifest in the different operational models SEOs employ to generate social and monetary value. These can be very diverse and mirror the social and financial objectives of different SEOs. Kim Alter distinguishes nine operational models in her seminal paper from 2007. To visualize the models Alter uses the legend shown below in Graph 7. All Graphs in the subsequent paragraphs were taken from Alters 2007 paper and use the indicated legend (Alter 2007: 32ff).

Each model will be described, clarifying on functionality, target population and use of earned income according to Alter 2007. Additionally examples from the field, from Austria where possible, will be presented in the related boxes. The presented operational models show functionalities of internal financing strategies, not to be confused with organizational plans that lay out the structure of a whole organization.

Graph 7: Legend for Internal Financing Graphs
(Alter 2007: 32)
Entrepreneur Support Model

The first model introduced is the Entrepreneur Support Model. In this configuration the SEO sells business support and financial services to its target population. In this case the targeted population consists of firms or single person businesses. They in turn sell their goods and services in the market. SEOs using this model center on the provision of financial and professional support. The generated revenue is used to cover the expenses of the SEO. This model is typical for microfinance institutions, SE development service programs.

**BOX III: Pro Mujer—an example of the entrepreneur support model**

Pro Mujer is a microfinance organization founded 1990 with the explicit aim to empower women and improve their status. The model of Pro Mujer is built like a classic bank, offering loans and savings accounts. Interest is charged for loans, savings are used for on-lending. The costs of the loans are calculated to cover the expenses of running the business, aiming to keep expensases as low as possible. Additionally, Pro Mujer runs healthcare and business education programs to pass on the knowledge that is needed to make the best use of the loans.

Pro Mujer has had impressive success and managed to replicate its services to from its start in Bolivia to 4 other countries. Today Pro Mujer serves about 200,000 women with an average loan of 266 American Dollars and has savings worth almost 20 mil. Dollars. The organization is legally under the US American law paragraph 501©3, designed especially for SE, making it a charitable corporation.

www.promujer.org
Market Intermediary Model

In the Market Intermediary Model the SEO either buys or takes products on consignment from the target population to resell them at a higher price. This model grants the target population market access providing product development, production and marketing assistance and credit. The central aims of SEOs using this model are the strengthening of markets and fostering the target population’s financial security by opening up new markets and providing long term contracts. The revenues cover organizational costs, marketing and product development, and provide credit for the clients. Fair trade, handicraft and agricultural organizations, as well as marketing supply cooperatives are well known operators of this model.

BOX IV: CONA—example of the market intermediary model

CONA imports handicraft on a fair trade base. Founded in 1987 the company has a long tradition of bringing products from El Salvador to Austria. Today they work with a cooperative in El Salvador and are a supplier of the Eine Welt Shops in Austria.

The cooperative ACOPROARTE consists of small scale producers from rural regions who founded the cooperative to improve their own living conditions. In 19 member workshops about 250 persons are working, mainly women. The cooperative is also lead by women. Exports go to Europe and North America, CONA is the Austrian partner.

The SEO keeps all production steps in the region of origin and also collaborates to develop new products suited for the Austrian market. Their 25 years of active work are proof of the constant success.

www.cona.at
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Employment Model

Disabled, homeless, at-risk youths, and former offenders are examples of the typical target population for the Employment Model. It provides job training and employment for those generally regarded as hard to employ. The clients are in this case the employees of the SEO. The products and services they produce are sold on the market. This model is designed to provide jobs and skills development that are suited to the needs of its employees and thus clients. The earned income is used for the running of the organization. In many cases emphasis is put on an enabling work environment, offering additional services to the clients (i.e. transitional housing, physical therapy etc.). Many disabilities and youth organizations make use of this model. Recovering addicts and the reintegration of homeless and long time workless are further examples.

BOX V: Reperatur und Service Zentrum (R.U.S.Z.)–example of the employment model

R.U.S.Z. is a repair center and retailer for used electronic equipment and household appliances. In a society that increasingly turns to a throwaway mentality it offers services equal those of a classic repair shop: repair, home repair service, resale of used equipment, scrapping, recycling and do-it-yourself courses. The work is done by long term unemployed above 45 who are trained in the R.U.S.Z. to later reintegrate them into the employment market and consequently place them in a new job outside R.U.S.Z.

Thus the SEO operates with a triple bottom line: Ecological because it prolongs product usage and builds awareness for resource waste. Social because it reintegrates long term unemployed. Economical since it turns unemployed into tax payers and finances itself through the profits of their services. Although the R.U.S.Z. has reintegrated over 400 persons into an active work life since its foundation and was the cradle for a host of sidekick projects it ran into serious financial problems in 2008 when public financing ran out. Today the SEO runs solely on the its own earned income.

www.rusz.at
Fee-for-Service Model

The Fee-for-Service Model is one of the most commonly used earned income strategies in the third sector. The SEO charges its target population directly for its service. In this case the target population could be anything: individual, company, community or third party payer etc. The earned income is used for the organizational costs and additional marketing needs (to market the offered good or service). Surpluses generated are often used to subsidize other programs run by the SEO. The operational range of this model is very wide. Classic examples include schools, museums, hospitals, membership organizations and more.

BOX VI: The Good Tribe-example of a fee for service model

The Good Tribe is a still nascent organization that offers project management, event management, and business development services in the field of sustainable development. It was founded in 2009 by two women and is today based in Austria and Sweden.

The organization’s members are also involved in SE research in Austria and several other projects connecting to sustainable consumption and fashion. In the near future a joint stock company will be founded to frame their growing activities properly.

www.thegoodtribe.com
Low-Income Client as Market Model

The model introduced hereafter is quite close to the Fee-for-Service Model. This model aims at the provision of poor and low-income clients with products and services. This variation is closely connected to what is also referred to as ‘base of the pyramid’ (BoP) strategies. These strategies view low-income clients\(^{21}\) as a new growth market for multinational corporations, consisting of approx. four billion people predominantly in the third world. Alter notes that BoP strategy is not a form of social enterprise, but SEOs may use it to serve their target population. In opposite to the BoP strategy, revenue is only used to refinance the SEOs activities. Examples of the sold services and goods would be healthcare (vaccinations, eye surgery), hygiene products (soap, mosquito nets, glasses) or utility services.

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**BOX VII: Venim la Voi-example for a low income client as market model**

The project centers on the following problem: Especially the rural population in Rumania has no access to affordable basic aliments. Supermarkets cannot be reached due to expensive public transportation and local stores have quasi monopolies and can thus sell at very high prizes.

The project was launched by students of a Viennese university and is still in the planning phase. Venim la Voi wants to establish a service collecting aliments disposed by supermarket chains (because of packaging damages etc.) and sell them at low prizes through mobile social markets.

Last year the project won a kick off financing through the Social Impact Award. Recently a cooperation with the local Caritas was established and now the project is about to be realized.

www.venimlavoi.com

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\(^{21}\) Defined as having a p.C. income of less than 1500$ purchasing power parity year; and earning less than 5$ a day (Prahalad/Hart 2002)
Cooperative Model

The SEO, the target population and the market are integrated in this model constituting the cooperative. Members of the cooperative are its beneficiaries. This model has a long history and is used in a wide range of different fields. Often the members are small scale producers of the same product group or a community with common interests. Aim is to provide the members with services or benefits, depending on the field the cooperative is active in. These benefits can be the increase of bargaining power, better market access or the establishment of a system of exchange outside the open market. Revenues are generated through exchange of products and services amongst the members and trade with the open market. Well known examples are agricultural producer cooperatives, agricultural supply cooperatives or cooperatives for financial services. Other forms include self-help groups, mutuals and societies (mainly in the UK).

BOX VIII: Oikocredit – example of the entrepreneur support model

Oikocredit has been active in financing development through microfinance for over 35 years. It is an international NGO that provides project and micro finance in developing countries. All monetary means paid to Oikocredit are returned with a max. interest of 2% and are thus not donations. The Austrian department was founded in 1990.

It is organized as cooperative in Dutch law with about 210 FTE employees, mainly in the 35 country departments in North America and Europe. For the granting of credits and evaluation an own department was opened in the Netherlands. As one of the biggest microfinance institutions worldwide its credit portfolio amounts to about 456 Mio. Euros, working with over 800 project partners, Oikocredit claims to have reached almost 30 mil. people so far. The cooperative represents 43 000 small scale investors and 600 institutional investors. Today the organization puts about 79% of its means towards microfinance projects throughout the world.

www.oikocredit.org/at
**Market Linkage Model**

SEOs employing a Market Linkage Model can be viewed as facilitators between buyers and producers. They connect small producers, firms or cooperatives to markets that are out of reach for their clients and markets to them charging a fee. The SEO using this model is not directly involved in trade procedures, it merely acts as a connection. Other activities performed can include the sale of market information and/or research services. Common users are trade associations, private sector partnerships and cooperatives.

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**BOX IX: Chropster-example of a market linkage model**

Chropster is a venture funded by three agriculture specialists. It emerged from an agricultural project evaluating decisive parameters for coffee quality. The original idea was to pass the gathered information on using an interactive internet platform.

This idea was further developed. Now the chropster e-platform C-sar can provide all stakeholders of an agricultural supply chain with information about one another. Small scale farmers or cooperatives can connect directly to processing companies and high profile markets (specialty markets) gaining information about quality requirements, pricing etc. This improved information flow helps to equalize power relationships in trade.

As of now they have developed three specialty platforms for coffee, chocolate, and research and development organizations.

www.chropster.com
Service Subsidization Model

This model is the first that Alter views as belonging to a different kind of SE. In all preceding models the social program and the business idea were identical. Alter calls this ‘embedded’. The Service Subsidization Model uses the generated revenue to subsidize its social programs, but the business activities and social mission are separated. Alter calls this configuration ‘integrated’. In this case the organization uses its tangible (i.e. equipment, rooms) and intangible assets (i.e. know-how, brand) to generate income. This model is primarily used as a financing tool and does not imply that the social programs have an entrepreneurial component. The targeted population can in this case not be described more closely as any activity could be subsidized. Examples vary from printing services through event management to consulting services.

BOX X: Carla-example of a service subsidization model

The Caritas is one of Austria’s biggest charities with activities throughout the third sector. Since several years the Caritas runs multiple shops for second hand products around Vienna.

The so called Carlas (Caritas Laden) serve multiple aims. The shops services exceed a pure second hand dealership with services like moving, cleaning and repair. On the one side this generates a certain income that is used to cross finance other projects of the Caritas, making it a example for service subsidization. Also the Carla shops themselves employ long term unemployed and are part of the project job.start that is run by the Caritas to foster employment reintegration much like the one introduced in BOX V.

This model shows that in reality in many cases the here introduced models are combined and used parallel by the same organization.

www.carla.at
Organizational Support Model
In this configuration a social enterprise is founded to support a parent organization. The SEO is fully separated from the social program and has no contact with the targeted population anymore. What makes it a ‘social’ enterprise is merely its role in supporting a social service organization with its revenue. This represents a further step of decoupling of entrepreneurial and social activity, called ‘external’ by Alter. It is used very common throughout western non-profit organizations.

BOX XI: Books4life-example of the service subsidization model
This project is a network of charitable bookstores, collecting used books to resell them on the university campus in Graz. The revenue is invested in social projects. Also the environmental part of the project is stressed, prolonging the product usage of the sold books.

The externality of the supported projects makes the small difference to classic SE models which the supported activities would be part of the same organization. Nevertheless books4life has great success in Graz managing to pass on 90% of its revenues to the chosen projects. These were chosen in a threefold way that is very interesting. One third of the revenue goes to an international organization for which revenue generation is not possible due to its aim: Amnesty International. One third goes to the Austrian Volkshilfe to help relief poverty in the immediate surroundings. The last third is given to different projects every year, choosen by the volunteers who were active in the respective time.

www.books4life
The last two models described by Alter are in frequently not recognized as SEOs. Where Alter distinguishes between `embedded’, `integrated’, and `external’ models, many theorists would only accept the first as fitting the definition of SE. The entrepreneurial character of the social program is a decisive trait distinguishing SE from other third sector activities. This is also true for the here used working definition. Nevertheless the nine models, Alter introduces cover the full spectrum of income generating models. For reasons of completeness they were also included in this chapter.

As already indicated before these models are not to be understood as exclusive. A single organization might use several of the above introduced models, combining them according to their needs and abilities. Alter states that: “In practice, most experienced social enterprises combine models – few social enterprise operational models exist in their pure form.” (Alter 2007: 46) They can be combined to accommodate the growth of an SEO or to develop new revenue flows. Another reason could be the intention to extend social impact by reaching new target populations.

A different way to extend the reach of an existing SEO is to franchise it. This strategy is usually associated with the likes of McDonalds and Starbucks has been increasingly discussed and proven a very interesting approach. Unfortunately further inquiry would go beyond the scope of this thesis²².

### 3.1.2. External Financing

The following section introducing different forms of external financing will, in opposite to the preceding one, not go into functionalities of SEOs, but try to give an overview of the most common ways in which external capital is allocated to SEOs.

Amongst the host of different forms of external financing, the most common one in the third sector is the donation. This term encompasses all contributions made with neither counter performance nor redemption commitment. For the recipient this might seem the perfect form at first, nevertheless in practice it is connected to hidden costs that can turn out to be

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²² For further inquiry see “Social Franchising - Social Entrepreneurship Aktivitäten multiplizieren”. Dissertation at the University of St.Gallen by Valerie Hackl in 2009.
serious setbacks. These can materialize in form of the extensive necessity of fundraising to raise donations or the demand for costly reporting activities to justify their utilization (Achleitner et al. 2007: 15).

Innovative alternative forms of donations have developed in recent years trying to deal with the setbacks of classic donations, inserting new mechanisms of motivation. These so called `grant mezz’ can be interest reduced loans (no interest or under market level interest rate), conversion grants (loans that are converted to grants after the recipient organization has reached a certain goal), or recoverable grants (loans that are converted to grants after the recipient organization has not reached a certain goal) (ibid: 14).

The motivational issue is obvious in the conversion and recoverable grants. The first one rewards reaching a set goal. On the downside this also means that failure is additionally penalized. The recoverable grant has the advantage of making it possible to reuse a certain amount of money for several projects. The disadvantage is the obvious conflict for the recipient of having to return the money when succeeding. The use of an interest reduced loan is often meant to express a strong will to self sufficiency on the side of the recipient (ibid: 15).

Furthermore SE ventures can be financed by classic equity and debt financing although this is quite rare (cf. Schober et al. 2011). The different forms in this field include silent partnerships, the taking over of default risks, subordinate loans or asset backing. Often the step to adopt one of these strategies also aims at attracting further investors by raising confidence in the sincerity of the venture. Partnerships with for-profit firms are a further special form of lowering costs of an SEO or fully funding it.

A form of financing that is almost exclusive to SE is the financing of a person. This form of loan is given without securities in full confidence of the abilities and idea of a social entrepreneur. The Ashoka Foundation pioneered this form of financing that is apart from the SE sector only rarely found in a venture capital context. Ashoka will be introduced in chapter II.4.2. together with other private promotional programs active in Austria.
Additionally SEOs can, in opposite to for-profit organizations, raise donations in kind and employ voluntary workers. Each can be seen as a direct alternative to external financing since money is only replaced by equivalent values.

### 3.2. Financing SE in Austria

Having laid out the instruments that are available to SEOs for financing their activities, the following section will try to assess sources of finance available to SEOs in Austria. Since there is almost no data on SEOs specifically, it will here be tried to give an overview of third sector financial sources in Austria. In accordance with the previous sections those with special relevance to SEOs will be emphasized.

In this context it is not the extent but the structure of different sources that is of interest. Not the question of the amounts of money flowing into the third sector is decisive but which sources contribute to what extent. This information will reveal classic third sector financing patterns and uncover differences and parallels to strategies related to SE.

![Graph 8: Different Sources of Finance for NPOs in Austria](Schober et al. 2011: 13)
Graph 8 taken from the “NPO-Finanzierungsbefragung 2010”, shows the sources of third sector financing in Austria\textsuperscript{23}. Impressive 91% of the participants receive money from state subsidies or service agreements with the state. This number once again stresses the dominance of the state in the Austrian third sector. 41% earn from comparable contracts with the EU. At the same time these public financing tools are regarded as very restrictive in terms of purpose tied application of the resources and expected reporting efforts (Schober et al. 2003: 34).

With private service contracts, fees and sales revenues a market related source is in second place with 61%, making a considerable contribution, followed by private donations, sponsoring and membership fees all in the 50% range.

Although there is a variety of sources used similarly by organizations, the survey also makes clear that most actors in the third sector have only one to two main sources of finance. In most cases one of the main sources is the state (ibid: 39).

70% of NPOs refused bank credits completely as a means of finance (ibid: 20). Generally means of external finance (except donations) are rarely used and an expansion is not wished for by most participants in the survey. It can be presumed that this percentage is lower with SE ventures due to their closer relationship to businesslike behavior that entails a higher affinity to related financing tools (like bank credits).

In the only study researching SE in Austria, only 10% of the participants claimed to have sufficient financial means for expansion, 42% said that means are scarce but will do (Lehner 2011: 70).

\textsuperscript{23} The study conducted by the NPO Institute of the University of Economics Vienna was based on survey data from a questionnaire sent to 266 NPOs in spring 2010. 116 answered in applicable manner making for a 43.6% return quota.
Goß defines four major sources of finance for SE in the US (Goß 2007: 28):

- state/ state institutions
- banks and other for-profit financial institutions
- foundations and direct donators
- private – equity founds

All of these sources have a major impact on SE in the US, the nascent country of the concept and still one of its most vibrant scenes. Each of these sources will be investigated in its Austrian context in the following sections, giving an overview and trying to assess its impact and relative importance.

3.2.1. The State

The state, as mentioned, plays a central role in Austria. The financial means provided by the state could also be used by SEOs. Here they will be in direct competition with existing actors. Given the low awareness of the SE concept in Austria so far, competing for these means against established actors will be difficult. Support programs and funding available to SEOs will be more closely reviewed in chapter II.4.1.

3.2.2. Banks and other Financial Institutions

As the study by Schober et al. (see figure XX) showed banks are not commonly used as sources of finance by traditional actors in the third sector. This might be a gap to fill for SEOs in Austria. Socially and economically responsible investments are gaining popularity throughout Europe. In Germany the GLS Bank operates along rigid social and economical criteria and has grown rapidly, now offering normal banking services in accordance with their principles with increasing success. It has been awarded several prizes as Germany’s best bank in the last years24. In the same fashion there are the Tridos Bank in the Netherlands and the Cooperative Bank in the UK, just naming some examples. As recipients of investments for banks of this alignment, SEOs could become more and more viable.

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24 www.gls.de
Although in Austria no bank of this standing has been established so far, there are several projects that lead in a similar direction. On the one hand there are initiatives of existing banks like the Erste Group with its good.bee holding (see Box II), on the other hand there are small private initiatives like Hermes that have been working in the field for several years. Another sign of the rising interest in financial institutions that work along social and economical criteria in Austria is the `Demokratische Bank´, conceptually close to the above mentioned GLS Bank, that is on its way to being founded in the near future.

Whilst these institutions are still at a nascent stage and have only small means, the experience from other European countries shows that there is immense growth potential. This also means growing opportunities for SEOs to accrue financing from these institutions.

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**BOX XII: good.bee – for-profit SE financing**

Good.bee holding was founded in 2008 by the Erste Group and Erste Foundation attempting to “bank the unbanked”. The venture calls itself a `financial inclusion business´ supporting the financial empowerment of individuals and communities in central and eastern Europe. The named areas of business are microbanking and social enterprise finance. Through the microfinance section financial services are made accessible to individuals who are not accepted by classic banks, including microcredit, micropayments, microsavings, and microinsurance. The social enterprise finance section is meant to provide financial solutions accustomed to the needs of SEOs. Capacity building is offered to all customers that engage in entrepreneurial activity.

[www.goodbee.com](http://www.goodbee.com)

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25 www.hermes-oesterreich.at; `Hermes – Geistgemäße Geldgebarung´ is a SEO that provides subordinate loans to persons (mostly to finance education) and organizations according to principles related to Rudolph Steiner. Recent changes in banking law have made further activity uncertain.

26 www.demokratische-bank.at
3.2.3. Foundations

Goß also names foundations and direct donators as one of four main financial sources for SE. While 56% of the third sector organizations surveyed by Schober et al. claimed donations by private persons as source of financial means, foundations were only named by 11% (see graph 8).

Foundations are attributed with greater autonomy and faster decision making processes due to the small number of persons in charge. In most cases they are not directly involved in the realization of projects but act as financier. Their often considerable financial assets and in many cases long term orientation add to their special role among third sector organizations. Throughout the relevant literature these traits are said to contribute to their role as innovation drivers. Foundations increasingly see themselves as social change agents who induce social innovation (Schneider et al. 2010: 7f).

In Austria foundations can be charitable or act in self interest (to the benefit of the founders or other beneficiaries). Charitable foundations can take three legal forms: federal foundation, state foundation or charitable private foundation. Schneider et al. maintain that at present the private foundation is the most versatile legal form for a charitable foundation.

The impressive role that was laid out above has in Austria not been realized so far. Of the approximately 3000 private foundations only 200 were charitable in 2009. Additionally there were about 220 federal and 240 state foundations. The financial value of donations by private foundations to the third sector initiatives was estimated between 10 and 40 mil. Euros. This places Austria at the bottom in Europe. Comparing on a per person level German foundations spent 183 Euros, in Switzerland 109 Euros were spent, only 2 Euros in Austria (ibid.: 21).

The important role that Goß sees for foundations in the US can thus not be confirmed for Austria. Goß also refers to the role of private donors (Goß 2007: 28). In this context Lehner sees: “... the emergence of venture philanthropists and foundations, providing seed and venture capital to social entrepreneurs. Amongst them are Martin Essl, founder of baumax AG, Georg Starhemberg and the Turnauer family. They advocate social responsibility among
for-profit enterprises and try to establish the role of foundations for social benefit in Austria...” (Lehner 2010: 71). Although this is certainly true it has to be contained that the level of donations in Austria is very low with 36 Euros per person and year, comparing to other European countries like Switzerland with 53 Euros or Germany with 67 Euros (Schneider et al. 2010: 21).

3.2.4. Private-Equity Funds

As to the importance of private-equity funds: in graph 8 the number of third sector organizations in the survey using equity financing was 0%. This does not mean that there is no equity financing in third sector at all, but hints at its relatively small importance. Since this financial tool is connected to SE activity especially in the US, it is often included in research, its role in Austria, however, is negligible.
4. Support Programs for SE

The GEM survey acknowledges that Austria has a very well developed system of support programs. The questioned experts attested a broad spectrum of different possibilities for young and upcoming entrepreneurs (Apfelthaler et al. 2008: 41). These programs can include financial support, capacity building and in many cases integrate both. At the same time Frank et al. state that ventures using support programs were more likely to survive and grow at higher rates\textsuperscript{27} (cf. Frank et al. 2007).

Generally this assessment sheds a positive light on the situation for entrepreneurial activity in Austria. Although these services are also available to social entrepreneurs, they are aimed at classic business ventures and are generally not equipped to support the special needs of SE.

As shown in the previous chapters public funding plays a pivotal role in the Austrian third sector. In general these funding activities are one form of public promotional programs. A different form that has not been discussed so far is the regulations concerning tax exemptions due to the charitable status of an organization. Consequently the next section will introduce tax reductions available to SEOs centering on the status of charity. The second part of this chapter will assess the growing range of SE promotional programs rooted in the Austrian civil society, introduce their work and try to assess their relevance.

4.1. Public Support Programs

Given the early stage of SE activity in Austria, it is not surprising that there are no special public programs yet. Apart from the well developed offers for classic entrepreneurs there are support programs aiming to foster activity in the third sector that can be viable for SE. These will be looked into in the first section of this chapter. Furthermore tax regulations are of special interest since they are a possible benefit SEOs can claim. The second section of this chapter will elaborate on the necessary prerequisites as well as the possible benefits.

\textsuperscript{27} measured by the number of employees
4.1.2. Public Funding

The variety of public funding programs in Austria is vast. Due to the federal structure, the system is branched out to all levels of administration: municipal, state and federal government. This makes even finding out about the existing possibilities a challenge of its own (Berger 2006: 20).

In the following section the basic requirements for federal funding are presented, as they apply to a wide range of different programs. An in depth introduction to all available programs would exceed the scope of this thesis.\(^{28}\)

Basis for the eligibility for public funding is a regulation issued by the BMF.\(^{29}\) This regulation contains several directives that set out the crucial Parameters (Stögerer 2005: 6):

- The **declared commitment** of an organization to a specific aim and the performance of according activities.
- Aim and activities have to cater to a **substantial public interest**. The phrase `substantial public interest` is defined as securing or enhancing the common good, improvement of Austria’s international reputation, or contribute to the intellectual, physical, cultural or economic progress.
- As central maxim **empowerment to self-help** is adduced.
- Any funded projects have to be implemented along the **principles of efficiency, austerity and functionality**.
- Federal funding is only available to projects that **exceed the reach of one single state**.
- Only **projects that could not be financed otherwise** will be taken into regard.

Given these regulations, public funding can take the forms of amortization-benefitted loans, annuity, interest, or credit cost subsidy as well as other monetary benefits under civil law.

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\(^{28}\) In fact even publications that try to give a complete account acknowledge that it is almost impossible due to the complexity of the matter. For further inquiry see Glocalist Subventionsreader Österreich.

\(^{29}\) Verordnung des BMF über Allgemeine Rahmenrichtlinien für die Gewährung von Förderungen aus Bundesmitteln: ARR 2004, BGBI. II Nr. 51/2004
The reporting responsibilities entailed by public funding are extensive and seen critical by many third sector organizations as the extent of reporting often turns out to be a growing cost factor on its own (Schober 2011:39). Berger points out that even the application requirements often entail an amount of costs and know-how that make it impossible to apply for many smaller organizations (Berger 2005: 20).

In addition, given these preconditions, their fulfillment does in no way entail any legal entitlement to public funding. On the one hand the intentions and political aims of the present administrations always play a role in approval procedures; on the other hand the official in charge has a not negligible influence on the success of an application (Stögerer 2005: 8). This gains even more relevance when taking into account that a refusal cannot be contested since there is no legal entitlement of any sort. Although the conditions for public funding differ according to the granting institution, the general procedures and preconditions are quite similar.

Although there are setbacks like extensive reporting duties and a high percentage of project bound funds, public funding plays a substantial role in financing the third sector. 91% of the third sector organizations questioned in a survey claimed to have received government funding, of these 30% stated that those funds amounted to more than 80% of their overall financial means (Schober 2010: 32).

These numbers make it government funding a source of finance of undeniable importance. Although there are no programs specifically directed at SE, authorities are increasingly aware of the value of SE models that have the potential to become self sustaining. The changes in the third sector described in chapter II. 2.3. have strongly contributed to this change of mind.

**4.1.2. Tax-exemptions viable for SEOs**

The charitable status is reserved for organizations that foster non-commercial, beneficial or religious purposes. If organizations are recognized as charitable, this status makes them viable for special tax cuts. Also donations given to them can be accounted into the tax load of the donating person or organization. This status is based on § 34 BAO and the following
paragraphs elaborating on it. § 34 BAO states that only a corporation is viable that is according to law, statutes, charter, or any other legal base as well as its conduct, directly and exclusively, furthering charitable, beneficial or religious purposes. The corporation has to act predominantly domestic and cannot distribute dividends (Achatz 2001b: 25).

Organizations fulfilling these requirements might claim the following tax exemptions (Neumayr 2007: 15):

- **Corporate Income Tax**: Corporate tax has not to be paid at all. Of special importance to SEOs, profitable parts of an organization can be treated separately. Thus those parts would have to pay normal taxes whereas the rest could still claim the benefit.
- **Value Added Tax**: This tax has to be paid but only at a reduced rate. For organizations of special relevance a full exception is possible.
- **Capital Transfer Tax**: Organizations under §34 do not have to pay taxes on bequests, inheritances, and donations, not being immovables. For immovable property a reduced tax is charged.

In his interpretation of the relevant paragraphs Achatz goes into a host of exemptions and specifications that would go past the scope of this work\(^{30}\). He clearly points out that the charitable status is a highly complicated matter that entails a number of risks. The author explicitly calls for changes to give third sector organizations more legal security (Achatz 2001b: 49).

### 4.2. Private Support Programs

As often the case, private initiatives are faster to acknowledge new concepts and consequently it is the civil society that brings forth support programs that are specifically aimed to foster SE activity. These private support programs play an important role for SE activity in Austria. Many tasks that are not necessarily taken up by SEOs themselves are tackled by these organizations and projects. The concept itself is promoted; networking is being fostered; information made accessible; actors in the field are provided with advice and

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\(^{30}\) For detail see Achatz 2001, Achatz 2008.
much more. In his 2010 survey Lehner found that the two reasons most common for contacting a support organization were “... to seek inspirational input from networking with peers in the sector and access to grants through the various competitions by the organizations.” (Lehner 2010: 70).

The organizations that appeared in the course of his survey were The Hub, Ashoka, Ideen gegen Armut, Waldzell, Skoll, Social Enterprise Alliance, and the Social Enterprise Coalition. Added by the participants were Vielfalter, Sozial Marie, Caritas Ausbildungszentrum, Echoing Green, Unlimited UK/India, Projekt500, Soziales Innovations Forum, Schwab Foundation, and the Brandstiftung.

65% of the participants claimed to know at least one of the named organizations. The support models applied are very different and it is not possible to describe all of them here. Hence the three most recognized ones by SEOs in Austria, according to Lehner, will be regarded as most influential and for that reason be more closely introduced. The following paragraphs will present them with respect to their history, support model and impact. The Hub with 45% of the participants, Ashoka with 42% and Ideen gegen Armut with 32% were the three most recognized organizations (ibid.: 69f).

4.2.1. The Hub

The Hub is a worldwide network of co-working spaces that center on bringing together people from different backgrounds who aim at working towards social change. “We set out to create places that borrow from the best of a member’s club, an innovation agency, a serviced office and a think-tank to create a very different kind of innovation environment.” (The Hub) In the first five years 27 of these spaces have opened around the world providing a working environment and a network to social entrepreneurs. A working space in one of these Hubs costs a monthly fee that keeps the organization running. To become a member, applicants have to qualify in an interview with the respective operators of the local Hub. Furthermore the concept aims to bring seminars, happenings, lectures etc., into the place making it a hub in the best sense of the word: a venture point for new SEOs. The Viennese
branch was opened in 2010 by Emersense\textsuperscript{31}, an SEO running several different projects promoting SE in Austria\textsuperscript{32}.

### 4.2.2. Ashoka

Ashoka is undoubtedly the leading support organization for SE globally. Founded in 1980 by Bill Drayton, one of the founding fathers of the SE concept, Ashoka has made more than 2000 persons in over 70 countries Ashoka Fellows. The Ashoka Fellowship supports social entrepreneurs for three years financially, with legal and strategic consulting, different SE related training programs and access to their network. The most famous former Ashoka Fellow is the Nobel Peace Laureate Mohammad Yunus with his, at the time, new concept of microcredit. The founder of the above described SEO The Hub has also been supported by Ashoka. The organization and the founder Bill Drayton are virtually omnipresent in SE literature. They support SE activities and promote the concept for over 30 years now. Today, most countries where fellowships are awarded open a branch to coordinate the search and support activities. The Austrian branch is currently in the course of building. Former Green Party politician Marie Ringler is heading the efforts, preparing to nominate the first fellows in 2012\textsuperscript{33}.

### 4.2.3. Ideen gegen Armut

Ideen gegen Armut is a classic grant competition. Initiated by Coca-Cola, Der Standard and the NPO-Institute (Non Profit Organizations) of the Viennese University of Economics it grants three excellent concepts or organizations that fight poverty with one time grants around 40 000 Euros. It is not especially designed for SE but with its request for a business plan as submission paper, clearly goes into the direction. The `Ideen gegen Armut´ project has managed to raise a lot of attention in recent years and made a considerable impact for the winning projects. The impact is twofold: on the one hand the substantial size of the prize money is a huge help, on the other the considerable medial response gives the winners a huge platform to publicize their idea\textsuperscript{34}. It has to be noted that `Ideen gegen Armut´ is also always a big showcase for Coca-Cola and its CSR aspirations. The extent to which the

\begin{footnotesize}
31 www.emersense.org
32 vienna.hub.com
33 austria.ashoka.com
34 www.ideen-gegen-armut.at
\end{footnotesize}
company uses the ‘Ideen gegen Armut’ project for their own purposes leaves a stale aftertaste.

**BOX XIII: Competing for Social Change - Social Impact Award**

As mentioned by Lehner (Lehner 2010: 70) competitions are one of two reasons many SEOs know support organizations for. In Austria there are already several awards in the field of SE. Ideen gegen Armut which has already been introduced, the Essl Social Award and the hereafter introduced Social Impact Award (SIA) for students are the most recognized. In most cases the prize money is not huge, but can be used freely making it very attractive, especially for young organizations and founders with an idea or business plan but no implementation at all. Kick-off grants like these, with no strings attached, as well as entrance to a network, can move a venture from idea to reality. Additionally competitions are often used to publicize the whole concept of SE since the different applicants make for a great showcase of innovative ideas and impressive dedication.

The Social Impact Award (SIA) is organized by the Institute for Entrepreneurship and Innovation of the University for Economy Vienna and Emersense, a young Vienna based SEO. The SIA especially aims at students who want to start an SEO and awards the four best ideas with a 4 000 Euro scholarship as well as knowledgeable support. The top ten are awarded a membership in The Hub Vienna (see chapter 6.2.1.). The SIA has managed to generate a wide medial response and can impress with a line of successful projects that have been awardees of the SIA.

Seeing how all of those support programs have started their activities in Austria only during the last five years, it is impressive to realize what they have accomplished in terms of medial response and number of supported projects. This timeframe also hints at the gaining momentum of the concept in Austria.
5. Entrepreneurship Education

In research today entrepreneurship is not seen as a natural attitude but as a form of behavior based on personal traits that can be actively developed and, to a certain extent, taught. In this context entrepreneurship education does not only refer to capacity building in terms of economical knowhow, but the cultivation of those personality traits central to entrepreneurial behavior: self-activation, self-reliance, risk affinity, creativity and responsibility (Tinhof 2002: 11f).

The term ‘Entrepreneurship Education’ encompasses educational measures at all levels: from schools through universities to vocational training. Virtually all measures that motivate and empower entrepreneurial behavior are included. The BMUKK defines it as follows: “Entrepreneurship Education – The schooling of entrepreneurial thinking and acting encompasses, in a broader sense all educational measures aiming to foster entrepreneurial attitude and abilities. Thus it aims at the development of certain values, attitudes, and personal skills that are important for founding a company as well as for classic employment. In a more narrow sense Entrepreneurship Education means the teaching of knowledge, skills and abilities that are necessary to successfully found and lead an enterprise.” (BMUKK, own transl.). These measures, if in fact integrated into the educational system, would consequently also empower and motivate to tackle social problems in an entrepreneurial manner.

The following sections will try to locate forms of education furthering entrepreneurial behavior on the different levels of the educational system. As entrepreneurial education is still a young concept, research on the topic relating to Austria is scarce.

The first section will shortly elaborate on the possible impact of entrepreneurship education. The second section will then present the situation in Austria. First primary and secondary schools will be considered, then an overview of university programs relating to SE especially will be presented.
5.1. The Role of Education for Entrepreneurial Behavior

The possibility to teach entrepreneurship at all is much discussed due to the central part that personality traits supposedly play. Schulte elaborates on the different abilities that are of importance and defines three dimensions of qualification for future entrepreneurs (Schulte 2006: 8):

- **subject related qualification**, meaning the knowledge of the respective field (products, processes etc.)
- **commercial qualification**, meaning knowledge relating to economic processes and skills (management, accounting, financing, etc.)
- **personal qualification**, meaning personal traits that are favorable for entrepreneurial activity (risk affinity, creativity, self reliance etc.)

The first two are seen as definitely teachable and learnable, whereas the third point obviously has its restrictions. Schulte contains that a personal disposition for entrepreneurship cannot to be taught, but definitely found, fostered and cultivated (ibid.).

5.2. Entrepreneurship Education in Austria

A study conducted by Hytti/O’Gorman in 2004 generally attested rising institutional support for entrepreneurial education (cf. Hytti/O’Gorman 2004). Nevertheless the conclusions of the GEM about the state of educational measures were still very ambivalent when it was published in 2008.

The primary and secondary schooling contribute very little to foster entrepreneurial behavior. There is only one branch of schooling that teaches basic tools needed for entrepreneurs. Also, the mentioned personality traits are not especially considered, according to the GEM. On university level the GEM acknowledges the variety of extracurricular offers and the education offered by the different universities of applied science (Apfelthaler et al.2008: 39).
5.2.1. School System

In all forms of schooling on first and secondary level, entrepreneurship education is not formally considered. However measures to foster a basic understanding of economic functionalities have been in place for several years. Although there is no special subject for economy in all but one type of public schooling, as mentioned above, there are special personal traits that facilitate entrepreneurial behavior (Tinhof 2002: 69).

Building those characteristics, like self-reliance and personal responsibility, is an integral part of the curricula throughout the Austrian school system and has been for a long time. But being a cross-cutting issue the development of personality traits is in no way regulated or guided. Curricula mention the importance, but give no specifics on how to implement them into everyday schooling (Tinhof 2002: 70f). In the National Expert Survey conducted for the GEM the schooling system is generally seen as not conveying entrepreneurial competence significantly (Apfelthaler et al. 2008: 40).

The BMUKK acknowledges entrepreneurial education as relevant but relates mainly to the polytechnic schools and one pilot project in Vienna. Also a program to foster the ‘entrepreneurial spirit’ in Austrian schools was founded in 2007 however impacts have not been evaluated or those evaluations are not publicly accessible (BMUKK).

For SE not only entrepreneurial behavior is of importance, also social commitment is an important characteristic. A study conducted for the BMUKK investigated the role of the school promoting active citizenship in Austria. It was found that schools, constituting a central part in the life of young people, have a great potential to foster social engagement. Existing initiatives are few but, where in existence, very successful. However it was also stressed that so far official resources are very scarce and the success of the investigated initiatives was not fostered by the administration (Krätzel-Nagel/Pleschberger: 2).
5.2.2. University Education

When considering Entrepreneurship Education at university level the US American universities quickly come into play, displaying an incomparably high affinity to entrepreneurship education that shows in the made investments made in the field. In German speaking Europe the topic has grown in importance in the last decade. The number of related professorships has been increasing steadily, from 63 to 87 appointments between 2004 and 2008 (Klandt 2008: 6).

As central for Entrepreneurship Education at universities Schulte names an interdisciplinary design. The continuous specialization process that normally comes with a university career is, according to Schulte, not suitable to foster entrepreneurial behavior. Much rather an integrative strategy should be sought that combines different fields of knowledge (Schulte 2006: 10f).

To measure the extent of implementation of Entrepreneurship Education nationally, existing studies use simple strategies like, counting the number of courses, professorships, institutes etc. that have an entrepreneurship connection (Schulte 2006: 5). The only study in this field for Austria was conducted in 2008 and found six professorships, a seventh one planned, that had direct entrepreneurship relation. The University of Economics Vienna is home to the Institute for Entrepreneurship and Innovation, the only university institute dealing with entrepreneurship exclusively. Switzerland as a reference has 7 professorships as well (Klandt 2008: 27). Further numbers were not available.

In the GEM report the state of Entrepreneurship in tertiary education was seen quite positive. Although the number of entrepreneurship specific courses in the curricula of universities is small, there is a host of extracurricular possibilities. Also the programs of the polytechnic colleges are highly esteemed. Finally the existence of competence centers for start-ups at several universities was praised (Apfelthaler 2008: 39).
BOX XIV: SE Education–Becoming a Social Entrepreneur at University of Economics Vienna

The University of Vienna is the first to integrate SE into its teaching syllabus. The course on SE can be chosen as a specialization in the bachelors program for economics. According to the homepage of the Institute of Entrepreneurship and Innovation that offers the course its contents are:

- Introduction and discussion of the SE concept
- Work on practical examples with coaches from the field
- Design of a SE venture or tackling a problem from the field for an SEO
- Preparation of a final document analyzing the situation in depth and presenting the indicated solution

One example of an SEO that emerged from this course is Venim la Voi, a young start up, that is trying to install mobile social markets in Rumania. The project won the Social Impact Award in 2010 and is currently engaging in a local partnership to realize its plans (see chapter II.3.1.1.

http://www.wu.ac.at/entrep
http://venimlavoi.com
6. Cultural and Social Norms

The extent in which SE activity is present and the way it is perceived in a country are closely interwoven and root in basic cultural and social norms. Is there esteem for entrepreneurial behavior? Does the population have a general sense of self-reliance or are problems to be solved by the state? How is failure perceived?

All these questions root in the distinctive mentality of a country and have a decisive influence on the impact SE can have. To circle those Austrian values and norms that have an influence on SE the first two sections will elaborate on entrepreneurial behavior in Austria. The first will assess the extent of classic entrepreneurship; the second section will go into the intentions of Austrian entrepreneurs, attempting to understand what makes Austrians, entrepreneurs. The last section will try to find those cultural and social norms connected to social engagement and assess its place in Austrian society.

6.1. Entrepreneurial Activity

With 8.39% of the population, the total entrepreneurial activity\(^{35}\) in 2007 puts Austria in the bottom third of all countries surveyed by the GEM internationally. The picture gets even worse when looking at young entrepreneurs who only make for 2.44% of the population, placing Austria last in the GEM ranking (Apfelthaler et al. 2008: 4).

It was also found that more men than women become entrepreneurs. What the GEM euphemistically describes as ongoing process of emancipation (Apfelthaler 2008: 18), realistically can be considered a characteristic that will still remain for years to come, considering that the improvements in this respect have been minimal in recent years. Especially concerning pay differences in the economy Austria performed very badly displaying a huge gender gap (Der Standard 2010).

\(^{35}\) The GEM sums up entrepreneurs in the pre-founding phase, young entrepreneurs and established entrepreneurs to get the total entrepreneurial activity of a country (Apfelthaler 2008: 17).
The educational level of entrepreneurs gives important insight into the kinds of enterprises founded. Whereas ventures founded by persons with a finished apprenticeship are most likely to be in some kind of trade, start-ups run by high school graduates and especially university graduates are more likely to be in other parts of the economy. In Austria the number of entrepreneurs with no higher education is very high. Almost 60% have no high school degree, a majority of those come from an apprenticeship. This hints at the relatively low percentage of high tech or innovation driven start-ups.

In a survey among 1700 Austrian students from 2000, a percentage of 62.9% claimed that the general climate for start-ups and entrepreneurial activity was hostile. The leading causes mentioned were risk, stress and strains of self-employment and bureaucracy (Schwarz/Grieshuber 2002: 59ff).

### 6.2. Entrepreneurial Intentions

The GEM surveyed the different intentions that motivate entrepreneurial action distinguishing mainly between founding activities that happen out of necessity and a chance motive. In low income countries self-employment is often the only way to earn a living and the numbers collected by the GEM clearly prove that especially the rate of young people, founding ventures is significantly higher in low income countries. The chance motive gets more common in higher income countries. Almost 77% of Austria’s young entrepreneurs surveyed by the GEM stated either independence or an expected rise in income as central motivation for becoming an entrepreneur (Apfelthaler 2008: 27ff).

When considering the part of society that is not involved in entrepreneurial activity the GEM found out that 50% of the surveyed population in Austria sees the possibility to engage in entrepreneurial activity, 49% claim to possess the needed abilities. Both numbers put Austria in the top quarter of surveyed countries (ibid.: 31ff). The fact that still only 8.39% become entrepreneurs cannot stem from bad conditions since a very high percentage of start-ups actually succeeds (ibid.: 4).

It could be argued that the chance motive is not as strong as the necessity motive and the economic situation in Austria so far, has not been pushing people into self-employment. Still
countries with a comparable income situation have a higher percentage of entrepreneurs, especially when it comes to young start-ups (ibid.: 27).

The GEM found that 38% of Austrians feared failing, if attempting to start an own venture. In this respect Austria is again in the top third of surveyed countries. Consequently only 5% had real entrepreneurial intentions (Ibid.: 31f). This clearly points to cultural and social norms that play a huge role in the affinity to become self-employed.

These numbers indicate that there is a very low acceptance of failure as part of business in Austria. Evidently in countries with less fear of failure, like i.e. the US with 24%, entrepreneurial activity is significantly higher, around 15% compared to under 5% in Austria (ibid: 25ff).

Risk aversion as the central inhibitor for entrepreneurial behavior is also found by Hofstede. Graph 9 shows his index illustrating risk aversion in different countries. Austria performs poorly against its European neighbors. Additionally the experts questioned for the GEM saw a comparably low level of creativity, self-reliance, self-activation, all of which were found
relevant personality traits for entrepreneurial behavior in chapter 5. Generally, socio-cultural norms were seen as inhibitors by 39 of 50 experts (ibid: 26).

All in all this draws a very negative picture of Austria in terms of affinity to entrepreneurship. Central values in society seem to be discouraging entrepreneurial behavior and the missing culture of failure fuels fear of self-employment.

### 6.3. Social Commitment

In order to find Austrian values and norms that influence SE not only those relating to entrepreneurship are important but also the general stance that social commitment takes in the population.

43.8% of all Austrians older than 15 are involved in voluntary work (see graph 10)

With 62% informal voluntary work is the most common, followed by culture related commitment with 17.1%, sports 15.8%, 14.2% religious, help services (catastrophe and rescue services) 13.7%, 5.8% in both ecology and education, and 4.8% citizenship (BMASK 2008: 3f).

![Graph 10: Part of population involved in voluntary work in Austria (BMASK 2008: 4)](image-url)

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36 Partially formal in clubs, self-help groups, associations etc. (formelle Freiwilligenarbeit). partially informal on a neighborhood level (informelle Freiwilligenarbeit).
This shows a quite broad commitment and a general culture of helping each other can be attested. This is further proven by the fact that 58% of those who are involved in voluntary work who claim to be doing it just to help. An overwhelming majority of 80% fully, and 15% almost fully approved that they see no future job or anything alike for them in it.

Also considering the information on the third sector in chapter II.2. it can conclusively be said that Austrians are indeed socially committed and often organized. Particularly the high number of registered associations is notable, playing a considerable role in Austrian everyday life. Additionally there is a certain will to autonomy from administrative institutions that roots in the Austrian federal system and a pronounced local consciousness (Badelt et al. 2007: 55). Those facts indicate a prevailing inclination to take action upon social injustices and tackle perceived problems autonomously. This is focal for the possible SE activity since it stems from exactly this kind of attitude.
III. Conclusion

The following conclusive chapter is divided into two parts. First, the results of this work will be presented. Every research category will be summed up and assessed to give the comprehensive overview of the situation of SE in Austria that was intended. In the second part the reader will be left with some conclusive remarks.

1. Summing Up Results

The extensive review of literature in part I of this thesis made it possible to find a working definition that grasped the whole phenomenon at hand. It also underscored the need for a thorough knowledge of the institutional, social, economic and political factors that make up a national framework for any further research. By adapting the GEM framework to fit SE the categories constituting this national framework were defined. The second part then implemented the adapted framework, each category presenting one chapter.

Social System and Legal Framework

The first chapter was designed to give an overview of the political system in Austria and introduce the legal framework, being the factual outcome of policy.

One of the characteristics highly influential for SE is Austria’s federal system. It makes the single states an important administrative level to foster support and induce change on a smaller more local scale facilitating later engagement at the federal level. Sadly far neither government, nor any of the political parties have recognized the SE concept seriously.

The system of social and economic partnership is a further characteristic of the Austrian political system. For SE it can be a two-edged sword. On the one hand civil society actors are granted an unparalleled influence on policymaking through this arrangement; on the other hand the power structures are made. Thus it will be decisive if the next years will see a
growing lobby for SE in Austria that will be able to convince established actors in the social
and economic partnership to embrace the concept.

The well established social security system can be seen positive for the further development
of SE since the fairly good provision of social services makes it possible to give new solutions
a chance in the established systems.

The legal framework is focal for a further development of SE and several European countries
have shown different ways of embracing the concept on this level. The third sector has
changed greatly in recent years and the existing laws in Austria do not reflect the real
situation of many actors and the sector as a whole.

One of the best examples for government action was introduced in BOX I. The UK Social
Enterprise Unit showed how the potentials of SE can be successfully fostered by government
action. BOX II presents the Italian legislation that has been on the forefront of giving SE a
legal framework in Europe. Comparing different European legal forms also shows that local
differences in legislation are common and positive because the different histories have
formed different organizational forms to deal with problems at hand. These histories now
reflect in the respective laws. In Austria the challenge to define this form and give it a legal
status has yet to be faced.

The third sector
The third sector could be seen as the `branch´ SE is located in. Generally Austria is
characterized by an active civil society showing in the great number of registered
associations in all fields and the wide spread voluntary engagement. However the Austrian
third sector is imbued by state influence, especially when it comes to questions of finance.

The reductions of government spending for social and cultural purposes, as well as the
general marketization process and the implementation of principles related to the NPM have
changed structures in the third sector. Former government functions have been increasingly
outsourced to private providers who were in turn required to meet new standards regarding
efficiency and reporting duties.
These developments have made for a drive towards stronger self-sufficiency among third sector actors. Innovative models to finance social change and reduce dependence of state policy were increasingly sought. SE as a concept has in this context gained in validity and applicability. With its inherent drive towards innovation, self sustainability and the utilization of business models, it fits those new requirements and is in some contexts better able to satisfy them than other models.

**Financing SE**

For present activities as well as for future developments the financing possibilities for SE are pivotal. A range of the presented inside financing models is already in use, partially in SEOs partially used by classic NGOs as earned income strategies (see BOXES). Legal problems with earned income in third sector organizations have hampered a further spread, so far.

Outside financing tools are already available in a reasonable extend considering the nascent stage of the Austrian SE community. The in BOX XII introduced good-bee foundation is a perfect example of a finance institution aiming at SE. The state still plays a central role in financing third sector activity. 91% of NGOs claimed to receive money from subsidies and/or service agreements. Although there are no numbers as to its role in financing SE but it most definitely should not be neglected.

Financing through foundations and equity funds as often seen in the US is at present not in existence in Austria. This is obviously a setback since it is these institutions who, in the markets they are active in, offer innovative financing possibilities suited to the needs of SE.

**Support Programs for SE**

There are no public support programs aiming exclusively at SE. But the Austrian state offers a wide range of different public funding possibilities that could also be made available to SEOs. The fundamental role of the state in the third sector financing has been mentioned and was again underscored. Tax-exemptions due to a charitable status, which can be viable for SEOs can have a considerable impact. But the complicated situation in Austrian law makes it very difficult for SEOs to take advantage of this regulation and experts are calling
for a change in the legal situation to give third sector organizations in general more legal security in this context.

In the second part of this chapter a range of different private support programs, most of them quite young, were introduced. The biggest support organization globally, Ashoka, is in the course of setting up a branch in Austria. Also several competitions for social entrepreneurs are in place, some of which are explicitly aiming at the youth (i.e. BOX XI). The Hub is trying to build a national community to support new ideas and foster the exchange of ideas in their Vienna based shared working space. Especially the dynamic development in the past years points to the enthusiasm that many actors feel for SE and fuels future expectations.

**Entrepreneurship Education**

It is contained in this chapter that entrepreneurship, although not fully teachable, can definitely be fostered and cultivated. In Austria measures to do so, are still very few. In the primary and secondary schools entrepreneurial traits are at best treated as a cross-cutting issue apart from some exceptions, although the administration started a program to foster entrepreneurship education in 2007. Social commitment as a further important value sparking SE is equally neglected.

In universities the picture changes. There is a range of professorships dealing with entrepreneurship, in numbers equaling Switzerland. Yet, there is only one university institute dealing with entrepreneurship and innovation and one single course on SE exclusively (see BOX XI). Furthermore there is a range of extracurricular possibilities and support programs. Also the education at the polytechnic universities was positively mentioned by experts.

All in all entrepreneurship in general is still a niche in Austrian education, SE merely existent. This is especially sad considering that schools and universities are exactly those places that can make a big difference in the way entrepreneurial behavior is perceived and esteemed.
Cultural and Social Norms
The cultural and social norms that showed in the entrepreneurial behavior assessed in this chapter were hardly supportive of SE. The low total entrepreneurial activity and the even lower rate amongst youth were signs of a mentality that was in no way supportive of entrepreneurial behavior. An analysis of the underlying intentions showed that most entrepreneurial activity was sparked by a chance motive aiming for independence and higher income but hardly ever by necessity. This pattern is quite usual for industrialized countries, especially in central Europe. But at the same time fear of failure and insecurity were recurring issues. Hofstede showed that risk aversion in Austria is extremely high, even compared with its neighboring countries Germany and Switzerland. This paired with a high focus on success and security makes up a mentality that hampers entrepreneurial behavior.

As a second driver for SE social commitment was assessed. It was found that especially voluntary work and neighborhood help are widespread. The fields of engagement are diverse and the high number of registered associations already found in chapter II.2 hint at the general esteem of social commitment. This slightly mitigates the before attested hampering effect of social and cultural norms in general.
10. Conclusive Remarks

The aim of this thesis was to find a research framework that would provide a comprehensive overview of national framework conditions and implement it for Austria. The results present a comprehensive picture of the conditions SE activity it faced within this country and present a base that can facilitate further research in the field.

The results that were found make for a landscape of conditions that is not hostile yet not really exactly welcoming. The hampering factors that surfaced throughout the investigation can in part explain why SE in Austria is still at a nascent stage compared with several neighboring countries. But more importantly this thesis highlights working points that need to be tackled by if SE is to be embraced as a broader strategy in third sector.

Generally SE should be perceived as one concept amongst many. Complex problems need a range of different approaches that can contribute to solving a problem. There is never one solution but always many means that have to function as a whole.

Nevertheless especially countries like Austria in which an entrepreneurial approach to problem solving is not so common, SE can add a new perspective and open new ways to face the challenges of a changing third sector. The SE concept can be the vantage point for a range of new problem solving approaches and projects that could improve the situation of many people in need. The existing initiatives in Austria hint at the impact SE could have in Austria.

But until this potential can entirely unfold there is still much to be done. Ongoing and growing engagement of people who want to make a difference using SE; a growing lobby articulating the needed changes in public; last but not least research to assess situation and impact and point out possible paths to facilitate SE activity in Austria.
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Abstract

Social Entrepreneurship has gained widespread recognition in recent years and became a much discussed issue. In Austria numerous related events, increasing media coverage and public awareness are signs of concept’s growing momentum. Nevertheless research has paid little to no attention to its reception in Austria. The role, nature and impact of SE cannot be investigated without taking its respective framework into consideration. Consequently this thesis aims to present a comprehensive picture of the social, economic and political framework conditions for Social Entrepreneurship (SE) in Austria, providing a venture point for future research. In the first part a review of the numerous definitions of SE is presented and a working definition elaborated. Then a research framework is devised by adapting relevant categories used by the Global Entrepreneurship Monitor. Each category is then investigated by extensive review of secondary literature and related surveys. The thesis concludes with a summary and assessment of the results.

Zusammenfassung

Curriculum Vitae
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Education

High School

25.06.2004 Graduation from Luisengymnasium Munich, grade 2,3

University

2005 language program at the Bordeaux Language School, France

since 2005 Individual Diploma Program in “International Development” at the University of Vienna

since 2006 Bachelor Program in „Political Economy“ at the Vienna University of Economics and Business (courses constitute part of the Diploma Program)

University Jobs

2008 - 2010 Tutor to the Course “Development Economy”

organization, assisting respective professors, student support

2009 – 2011 Tutor to the Course “International Development in the Historical Context”

Assistance to the planning process of the curriculum, supervision and support of the web-based platform and web-based work processes, teaching responsibilities
Internships

2004  Internship at the Eventmanagement Company „Die Favoriten, Gesellschaft für Markenerlebnisse mbH“, München
Assistance in conception, budgeting, implementation and evaluation of an international hospitality-program, customer communication and support

2010  Internship at the Global Marshall Plan Foundation, Hamburg
Editorial work, research, organization of a conference, preparation of presentations, acquisition of sponsoring partners

Work experience

2003 – 2005  Sales employee of „Brauseschwein“, Munich
Customer support, sales, accounting

2005  Employment at the movie production „Wilde Kerle“, SamFilm GmbH, Munich
Scheduling, organization and support of young actors throughout the whole production process

2006  Employment at the movie production „Wilde Kerle“, SamFilm GmbH, Munich
Scheduling, organization and support of young actors throughout the whole production process

Since 2007  Employee of Wombats Hostels, Vienna
Frontdesk, Booking, Public Relations, Barkeeper
Other Skills and Special Interests

Languages

German (native speaker); English (native speaker); French (good knowledge); Spanish, Portuguese (basic knowledge)

Voluntary work

Founder of the NPO „Chez Fritz – Verein zur Förderung des kulturellen Austausches“.  
*Organization of workshops and events relating to intercultural communication and art, budgeting, accounting, internet representation*

Foreign exchange and travel experience

- 1999: six week exchange program to Kiev, Ukraine
- 2001 - 2002: one year exchange program to Canada
- 2005: three month university program in France

Prolonged stays (more than 3 months) in New Zealand, Indonesia, Brazil, France, Morocco, Spain, Namibia and China.