New players on grazed playing fields.
The Institutional Embeddedness of Social Entrepreneurship in Germany

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Abstract

Germany is a classic example of a conservative welfare state. The production of social services is marked by a deeply rooted tradition of corporatist governance. The “market” had only marginal weight in these arrangements. Facing severe fiscal constraints, these corporatist arrangements have been challenged by intensified pressure for marketization since the end of the 1990s. At the same time, a discourse on “social entrepreneurship” has gained importance.

The contribution examines the potential role of “Social Entrepreneurs” in the institutionally settled German welfare state. It analyzes the potentials and restrictions new players are faced with, building on theoretical considerations and empirical evidence in two sectors of welfare production. The structure and diffusion of Social Entrepreneurial projects will be analyzed, drawing on survey data and case studies in the areas of elderly care and advancement of children with a migratory background.

It concludes that the simple transfer of the Anglo-Saxon model of Social Entrepreneurship faces high obstacles. Thus an adaption of the concept has to take place. In the context of more encompassing social services, dense decentralized networks and different cultures of philanthropism, new players have to learn to play with these rules. Only in this way, they will be able to transform the rule book.

Our evidence shows that if players, often breaking-out of the traditional welfare structures, have the ability and knowledge to play with existing networks, they can implement social innovations that have the potential to irritate the traditional players and spread out beyond the scope of the original project.

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1. **Social Entrepreneurship in mature welfare states**

After the emergence of social entrepreneurship in developing countries (especially Yunus’ Grameen Bank) and the liberal welfare states in the USA and the UK, the discourse on a new, more efficient and more effective organization of the solution of societal problems has finally arrived in Germany. This hype – coming belatedly compared to the Anglo-Saxon world - is claiming “everyone can change the world” (Bornstein 2007; Elkington/ Hartigan 2008; Bornstein/ Davis 2010). Under similar slogans more or less charismatic founding „entrepreneurs“ are put on the scene by intermediary organizations as Ashoka or the Schwab Foundation. This movement produced a large number of (semi-)scientific contributions which can be ascribed to the genre of sympathizing literature of the “movement” (see e.g. Hackenberg/ Empter 2011; Jähnke et al. 2011). This leads us to the following questions: Do these organizations exhibit an original form of service provision with specific advantages? And: What is their contribution to the solution of the dilemma of increasing demands in times of stagnating public resources?

While social entrepreneurship primarily evolved in countries with a deficient and/or mostly private delivery of social services, the German landscape is characterized by highly institutionalized, corporatist structures. Social services are traditionally delivered either by the state or by intermediate, civil society organizations: the so-called Wohlfahrtsverbände (welfare associations) (Bode/ Evers 2004). The question arises: What is the role a supposedly new (hybrid) organization combining market and civil society rationales can play in such a rather closed-shop-like environment?

We assume that activities of new actors are rather difficult to accomplish in the strongly institutionalized landscape of the German state and welfare associations (background hypothesis). However, the porosity of the corporatist structures has increased over the last years. The agency structures of the social service sector have strongly altered due to a changing institutional framework. Internal restructuring and also a new balance between various and sometimes new types of social service agencies can be distinguished. We assume that these challenges support the development of social innovations also in established structures. We accordingly derive the hypothesis (1), that due to the German institutional landscape, social innovations emerge from new actors (social entrepreneurship), but more importantly from established structures (social intrapreneurship) (Mair/ Martí 2006).
Nevertheless, the above mentioned trends do not apply to all social service sectors alike. For our study we chose two sectors that differ in this regard. While the sector of child and youth care is characterized by a high persistence of the established structures (Grohs 2010), the sector of elderly care has been subject to a considerable liberalization (Schneiders 2010). We therefore conclude (hypothesis 2), that the sector of elderly care provides more opportunities for social entrepreneurship while in the sector of child and youth care innovations are more often to be classified as social intrapreneurship. We furthermore assumed that social entrepreneurs have to rely more strongly on cooperation in order to enter the corporatist actor networks, which should hold especially true for child and youth care, where the schools exert an important gatekeeper function to the target group (hypothesis 3). And finally we expected social entrepreneurs to rely more strongly on economically generated funding than social intrapreneurs who can usually rely on organizational or public funds (hypothesis 4). Based on these hypotheses, we conducted two quantitative surveys in both sectors and completed and deepened the results with two interview-based case studies for each sector. In order to contain the complexity of the two sectors we focused on the promotion of children with a migratory background\(^1\) and on the delivery of culturally sensitive elderly care\(^2\).

This paper will summarize the international debate on the notion of social entrepreneurship (2), explicate our understanding of social entrepreneurship in the mature German welfare state (3), present our methodology and data (4) and present our results regarding our four main hypotheses (5). We will conclude with some final remarks (6).

2. Social Entrepreneurship: Overview of the international debate

Studies on social entrepreneurship have become abundant over the last decade. While there is consensus that scholarship on social entrepreneurship is still in a stage of infancy” (Hoogendoorn et al. 2010: 2, see also Dees/ Anderson 2006: 39), a great variety of approaches has evolved that intend to grasp the essence of what social entrepreneurship is and which potential it has for the creation of social value. This chapter summarizes those conceptual as

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\(^1\) In the last years a lot of school achievement-tests (e.g. PISA, IGLU) have shown particularly high performance deficits of pupils with a migratory background in Germany. The educational attainment of those pupils is significantly lower than of non-migrant-pupils in all main competence sectors especially reading. Therefore an active educational advancement of pupils with a migratory background is necessary (Gogolin et al. 2003).

\(^2\) Culturally sensitive care for the elderly aims at the improvement of living conditions for persons in need of care by respecting their (often migratory) cultural backgrounds and special needs. In practice, projects focus on elderly persons with migratory background living in Germany.
well as empirical overviews in order to derive open questions and hypotheses for our own undertaking in chapter 3.

In their overview on empirical research on social entrepreneurship Hoogendoorn et al. point out that conceptual papers are still dominating the field (2010: 12). Different review essays have tried to structure the conceptual debates along different North-American and European schools of thought (Dees/ Anderson 2006, Kerlin 2006, Defourny/ Nyssens 2010, Hoogendoorn et al. 2010, Teasdale 2011).

Hoogendoorn et al. (2010: 10) derive an overview of these schools of thought, mainly based on the works of Dees and Anderson (2006) as well as of Kerlin (2006).

<table>
<thead>
<tr>
<th>Distinctions</th>
<th>American Tradition</th>
<th>European Tradition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit of observation</td>
<td>Individual</td>
<td>Enterprise</td>
</tr>
<tr>
<td>Link mission - services</td>
<td>Direct</td>
<td>Direct/ Indirect</td>
</tr>
<tr>
<td>Legal structure</td>
<td>No constraints</td>
<td>Nonprofit</td>
</tr>
<tr>
<td>Innovation</td>
<td>Prerequisite</td>
<td>Not emphasized</td>
</tr>
<tr>
<td>Profit distribution</td>
<td>No constraint</td>
<td>Constraint</td>
</tr>
<tr>
<td>Earned income</td>
<td>Not emphasized</td>
<td>Not emphasized</td>
</tr>
<tr>
<td>Governance</td>
<td>Not emphasized</td>
<td>Multiple stakeholder involvement emphasized</td>
</tr>
</tbody>
</table>

Table 1: Distinctions between schools of thought on social entrepreneurship (Hoogendoorn et al. 2010: 10)

Dees and Anderson themselves define social entrepreneurship as “‘enterprising social innovations’ by which we mean carrying out innovations that blend methods from the worlds of business and philanthropy to create social value that is sustainable and has the potential for large-scale impact” (Dees/ Anderson 2006: 40). They derive their definition from a combination of insights from two schools of thought: the Social Enterprise School and the Social Innovation School. While the former defines social entrepreneurs “simply as those who organize and operate businesses that support a ‘social’ objective, even if they do it only by making money to subsidize more direct, social-purpose activities” (ibid.: 41), the latter uses a more Schumpeterian definition of social entrepreneurs “who reform or revolutionize the patterns of producing social value, shifting resources into areas of higher yield for society” (ibid.: 44). The authors argue that combining the two schools can tackle their respective limits. While without innovation social enterprises are not “entrepreneurial” per se, research on social innovations that integrates the blending of philanthropic and economic elements common to social enterprises (ibid.: 47-48), can help to answer some important theoretical

3 The highlighted cells indicate accordance with our understanding of social entrepreneurship. It can be summarized as a combination of the European Tradition with a special focus on the Schumpeterian definition of entrepreneurship and thus the Social Innovation School.
questions regarding the role of markets in the social sector such as aligning market dynamics with social outcomes or the role of different legal forms of organization (ibid.: 54-55). While the authors drive the attention to the variance of social entrepreneurship between charitable and commercial action (ibid.: 51) and present without doubt intellectually appealing examples that fit their definition (ibid.: 52f), they have a quite idealized picture of social entrepreneurs whose thoroughly positive characteristics (ibid.: 50, also 45) “appear to have been aggregated to create a mythical beast” (Teasdale 2011: 115).

Teasdale explains the plurality of what is understood as social enterprises (also described by Hoogendoorn et al. 2010: 2) by a continuing extension of the notion from co-operative and community enterprises to social businesses and earned income for non-profits fostered by the political will (of the English government) to support certain forms of the delivery and production of social value and social services (Teasdale 2011: 113f). He focuses on the different theories explaining the emergence of social enterprises. He points out the different discourses on state or market failure and the different forms of social enterprises that are associated with these discourses. While more communitarian models are rather associated with market failure, social businesses are seen as an appropriate response to state failure (ibid.: 103, 107, 112). In general, the emergence of social enterprises is seen “as a rational solution to reduced government funding at a time when organizations face increased competition for philanthropic donations (ibid.: 103). And finally, isomorphism is presented as an explanation that relies on the assumption of the dominance of business ideology in more and more sectors of society (ibid.: 204). Those different theories are not exclusive but rather complementary explaining the variance in and between different socio-economic and institutional environments.

Defourny and Nyssens (2010), associated to the EMES approach, take a more differentiated look at the European landscape than Kerlin (2006) and Hoogendoorn et al. (2010). They distinguish between the UK and Bismarckian, Nordic and Southern European countries. Bismarckian countries are characterized by a strong corporatist tradition of largely state funded intermediate non-profit bodies that administer the social insurances and deliver social services. In the Nordic countries, the welfare state itself provides social services and associations are rather limited to culture or leisure membership associations. Nevertheless, in recent years new forms of cooperatives have emerged in the field of welfare production. Those cooperatives are a traditional feature of Southern countries and especially the Italian case, where the notion of social enterprise was used earlier than elsewhere in Europe and was
publicly supported in forms of “social cooperatives. In the UK with its liberal welfare state, “charities, relying on voluntary resources, are seen as key actors to solve market and state failures” (Defourny/ Nyssens 2010: 4). Furthermore the existing public programs have been challenged by private, non-profit just as for-profit, competitors on the market of social services. Their comparison indicates without explicitly stating it that there are institutional complementarities (see Hall/ Soskice 2001) between the institutional environment and the role and forms social entrepreneurship can take.

This hint to the institutional embeddedness of Social Entrepreneurship leads us back to our fundamental question of how the specific traditions and institutional configurations of the German welfare state are shaping the “play-ground” for new players. Kerlin shows how opportunity structures for social entrepreneurship are based on three factors: the type of government, the stage of economic development and the model of civil society. She emphasizes that Germany is influenced by a strong corporatist tradition and a high dependency on state funding. The existence of a high number of third sector organizations in the production of welfare provides a favorable environment for the development of social enterprises in times of fiscal austerity (Kerlin 2012:12). In the next section we will discuss this argument and argue that the strong tradition of third sector involvement in Germany can be – on the contrary – a strong hindrance for the development of social entrepreneurship.

3. Social entrepreneurship in mature welfare states: the German case

3.1. New challenges for the German welfare corporatism

Since the days of Bismarcks’ creation of the social insurance system in the 1880s the German welfare state is marked by a division of two substantially different logics: The provision of social services in the responsibility of local governments on the one hand and the national social insurance bodies dealing with “standard life risks” on the other. This architecture reflects basic historic legacies. Long time before the establishment of the centrally steered welfare state, local governments were the providers of services like poor relief, cooperating but also competing with the churches. In the course of the 19th century this basic social policy function was expanded to the areas of public health, child welfare and housing. Since these days a corporatist mode of governance emerged on the local level with a division of labour between local governments and non-profit organizations which were organized in the so called Wohlfahrtsverbände (welfare associations).
These established arrangements face severe fiscal constraints. Since at least 30 years, the financing of social services is disputed – especially since increasing expenditures met simultaneous stagnating public revenues. Actually the German social budget encompasses the sum of 750 billion Euros (“BMAS”, 2010). More than 40 percent of the federal budget covers activities in the sector of labour, social affairs and health. In comparison the sector of education and research encompasses only about 5 percent with a sum of 10 billion Euro in 2009 (“BMF”, 2009). A considerable part of social services is financed by the municipalities additionally. The municipalities spend about a quarter of their budget on social purposes. This proportion has risen continuously in the recent decades and threshold of 40 billion Euros in 2009 (Anton/ Diemert 2010: 11). The municipalities have only limited steering capacities over their revenues. Therefore they face special problems of rising demands in times of austerity.

Due to visible demographic and social challenges, this situation will aggravate in the years to come. There is a consensus about rising demands for social services – notwithstanding of some differences over its precise amount (cf. the contributions in Evers et al. 2011). Especially demographic changes with a growing number of elderly people out of work and people of very advanced age will lead to increasing expenses in the areas of health and care (cf. contributions in Heinze/ Naegele 2010). Additionally, social changes with a rising numbers of single households, divorces and female occupation will induce a reduction of families’ ability for self-administered care. In sum, rising demands face decreasing self-help capacities (Schneiders 2010: 137ff.).

On the opposite side of the age spectrum, childcare and youth welfare face divergent challenges. Decreasing birth rates induce an under-utilization of infrastructures. This is compensated partly by an expansion of facilities for children aged 3 years or younger as well as increasing female occupation. Especially the East German regions with a low level of fertility reveal a high degree of oversupply. Since the introduction of the Child and Youthcare Act in 1993 the nominal expenses in this area have doubled. Changing family structures with increasing numbers of single parents and so called “patchwork families” have produced a large heterogeneity of juvenile life-courses, leading to an increasing demand for family support and thereby stressing the budgets of the responsible municipalities.

One way of dealing with these pressures was the implementation of managerial reform measures. These instruments were modelled according to the international paradigm of the New Public Management (Pollitt/ Bouckaert 2004; Kuhlmann et al. 2008) and were often
subsumed under the headings of “managerialism” or “marketization” (Evers/Heinze 2008). These measures aimed not at a reduction of services in the first hand, but at a more efficient and effective assignment of resources. In this context, the activation of competition played an important role – even with private actors and “social entrepreneurs” as competitors. These developments induced the introduction of managerial instruments and rationalities even by the traditional providers of social service organizations which were traditionally out of the grasp of market mechanisms. Due to the traditional dual structure of welfare production which was constituted by public providers and non-profit organizations, the managerial discourse can be found in two varieties since the beginning of the 1990s: For the realm of the public providers the so called „New Steering Model” (NSM) was the dominating blueprint for managerial reforms (cf. Kuhlmann et al. 2008). For non-profits a „social management” movement embraced similar modernization ideas. With formal contracting a purchaser-provider split was introduced as a link between the two arenas. Hand in hand went the use of competition between providers by the replacement of the traditional principle of cost coverage by fixed prices as well as the abolishment of privileges of the charities. The abandonment of the old corporatist model of welfare production was invoked by similar provisions in all relevant welfare acts (social care act 1995; social assistance act 1993; child and youth-care act 1996).

The effects of these reforms remain limited so far: The main part of social service in Germany is still provided by the so called “freigemeinnützigen” non-profit organizations – the welfare associations – against all tendencies towards privatization and marketization. For decades, the services and provisions belonging to the five big welfare-organizations (the catholic Caritas, the protestant Diakonisches Werk, the German Red Cross, the social democratic Arbeiterwohlfahrt and the bottom-up organized and secular Paritätische) were providing the predominant share of social services in Germany. For the health sector, old age services, child care, youth welfare or the care of the disabled alike, these associations under the umbrella of the BAGFW (Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege) dominated the “market”. This fact can be shown as well regarding the number of their employees as well as their facilities.

At the moment, over 1.5 million employees are working in over 100.000 establishments of the organized charities. In these establishments about 4 million people receive care, cure, activation and consultancy (“BAGFW” 2009). Though, the organized charities have become of Germany’s biggest employers since the 1970s, comparable to multinational corporations quantitatively. The reaction of the organizations to the challenge of NPM diverged. They
ranged from the introduction of solitary managerial instruments (e.g. controlling or marketing) to the contracting out of autonomous service providers (cf. Dahme et al. 2005).

Besides the internal modernization in the voluntary sector and a partial expansion of commercial suppliers in distinct areas there is a further development observable: the blending of social engagement with entrepreneurial action, which is following a global trend labeled “Social Entrepreneurship” (e.g. Nicholls 2006). However, the entanglement of different rationalities in one organization is no new phenomenon. The concept of the “third sector” encompassed exactly these organizations which were not easy to subsume to one of the ideal sectors of market, state or community (cf. Evers/ Ewert 2010; Salamon/ Anheier 1996; Anheier/ Seibel 2001).

3.2. Adapting the definition to fit the German institutional landscape

In this institutional framework, we expect social entrepreneurship to play a rather different role than in developing countries and liberal welfare states. In order to grasp actual social innovations rather than limiting our analysis by conditions regarding legal form or necessarily market-earned income, we apply a rather broad definition of social entrepreneurship that can integrate innovations from the inside of established organizations (intrapreneurship). With this research strategy we assume, first, to find more innovations and, second, to identify those that have a higher potential to broadly change the landscape of social service delivery than lone social entrepreneurs with their undeniably innovative but not always (spatially as well as sectorally) scalable ideas.

In our understanding, “Social Entrepreneurship”, based on the constituting basic terms of ‘social’ and ‘entrepreneurship’, includes a much wider spectrum of actors and a wider range of services as the mainstream SE-discourse implies. The term “social” refers here to a twofold social relevance: to their specific tasks (orientation toward the common good) and the dissemination of SE to the wider society. The tasks encompass services that address people facing specific problems or in need for help in certain phases of their life course (Heinze et al. 2011).

Drawing on the sociology of organization, the term “ntrepreneurship“ can be characterized by strategy, innovation, and self- responsible risk-bearing (Ricketts 2010). A strategic orientation is – in notable distinction to a bureaucratic, rule-following mode of action - by an orientation towards results and targets. Strategic action includes the use of methods and instruments which allow the organization to react to-achievements (management).
Innovativeness is the second characteristic of entrepreneurship. Innovative organizations detect new fields of action or are able to reassess and change established domains. The third characteristic, risk-bearing, includes the possibility of failure and is marked by an internalization of business risks.

From the point of view of organizational sociology, SEs are hybrid organizations (Evers et al. 2002; Billis 2010), which integrate diverging rationales for action. Depending on the respective ‘mix’ of these rationales we can find different variants of SE. SE can be located in a triangle with the corners of a market-driven orientation (including a for-profit attitude), a common-good led community perspective and finally a state-oriented position of overarching bureaucratic responsibility. SE represent a specific mix of these three governance modes: “Hybridity is not therefore any mixture of features from different sectors, but according to this view, is about fundamental and distinctly different governance and operational principles in each sector“ (Billis 2010: 3; cf. the contributions in Brandsen et al. 2010).

Therefore, SE can be non-profit organizations in the sense of a ‘third sector’, but this is no necessary condition: contrary to the criteria developed by Salamon and Anheier (1996) they can have a for profit orientation (p. 125). The case of SE shows that the definition of the third-sector as a residual category for organizations which neither belong to the market nor the state (as it is used by the John-Hopkins-project) does not fit for the characterization and analysis of the empirical structure and performance of these organizations any more (for the UK und USA see the contributions in Billis 2010). Not only respectively to the integration of diverging rationalities, SE can be described as hybrids. Also the basic structures cannot be assigned unambiguously to a certain form of organization. Following our definition, SEs can be organized as well as profit-oriented enterprises, foundations, associations, collectives or public private partnerships (PPPs). Following this sketch, very different forms of organizations can be located in the „new“ SE-sector. The spectrum ranges from enterprise-like foundations with a capital of several million Euros and a concern-like staffing to single-person initiatives dealing with specific problems, often driven by a special personal interest..

3.3. Social Entrepreneurship in two German social service sectors

We assume that activities of new actors are rather difficult to accomplish in the strongly institutionalized landscape of the German state and welfare organizations (background hypothesis). However, the porosity of the corporatist structures has increased over the last years. The agency structures of the social service sector have strongly altered due to a
changing institutional framework. Internal restructuring and also a new balance between various and sometimes new types of social service agencies can be distinguished. We assume that these challenges support the development of social innovations also in established structures. We accordingly derive the hypothesis (1), that due to the German institutional landscape, social innovations emerge from new actors (social entrepreneurship), but more importantly from established structures (social intrapreneurship) (Mair/ Martí 2006).

Nevertheless, the above mentioned trends do not apply to all social service sectors alike. For our study we chose two sectors that differ in this regard. While the sector of child and youth care is characterized by a high persistence of the established structures (Grohs 2010), the sector of elderly care has been subject to a considerable liberalization (Schneiders 2010). We therefore conclude (hypothesis 2), that the sector of elderly care provides more opportunities for social entrepreneurship while in the sector of child and youth care innovations are more often to be classified as social intrapreneurship. We furthermore assumed that social entrepreneurs have to rely more strongly on cooperation in order to enter the corporatist actor networks, which should hold especially true for child and youth care, where the schools exert an important gatekeeper function to the target group (hypothesis 3). And finally we expected social entrepreneurs to rely more strongly on economically generated funds than social intrapreneurs who can usually rely on organizational or public funds (hypothesis 4).

4. Methodology and Data

Based on these hypotheses, we conducted two quantitative surveys in both sectors and completed and deepened the results with two interview-based case studies for each sector. In order to contain the complexity of the two sectors we focused on the promotion of children with a migratory background and on the delivery of culturally sensitive elderly care.

The identification of social entrepreneurs on the new market of social services is difficult due to the non-uniform organizational structures of those new actors. The question how to access those actors was thus central. Regarding the promotion of children with a migratory background, schools are the central gatekeeper. For this reason we contacted the headmasters of (nearly) all German primary and special-needs schools. Regarding the access to the field of culture-sensitive elderly care it was even more difficult. Here we applied a cumulative snowball sampling in order to grasp social innovations from new as well as established actors. We
are aware of the potential sample bias towards established actors in our data. We can therefore only carefully generalize our results.

In the sector of child care, we contacted over 15,000 primary and special-needs schools. Out of 1605 answered questionnaires we identified 821 projects for the special promotion of children with a migratory background, mostly focusing on language skills. In the sector of elderly care we contacted 1100 organizations. Out of 155 answered questionnaires we identified 55 projects in the field of culturally sensitive elderly care, mainly focusing on advice and recreation.

Regarding the case studies, we interviewed the key actors out of four innovative projects from both sectors (two case studies for each sector) (see table 2).

<table>
<thead>
<tr>
<th>Case</th>
<th>Description</th>
<th>Actors</th>
<th>Financing</th>
<th>Particularities</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Language courses with integration of parents and elder siblings</td>
<td>Primary School, Municipality, local association</td>
<td>Foundations</td>
<td>Flexible adaption of the project's goals</td>
<td>Financing</td>
</tr>
<tr>
<td>C2</td>
<td>High School Students support younger pupils</td>
<td>Charity Network, Primary School, High School</td>
<td>Donations/ Fees</td>
<td>Social Franchising</td>
<td>Cooperation of schools</td>
</tr>
<tr>
<td>E1</td>
<td>Advice and Group Work</td>
<td>Welfare Association, local network</td>
<td>Own resources/ Public Funding</td>
<td>Integration of the target group</td>
<td>Concurrence about target groups</td>
</tr>
<tr>
<td>E2</td>
<td>Shared flat for people with dementia disease</td>
<td>Social entrepreneur, migrants' association, housing company, welfare association</td>
<td>Foundation/ nursing care insurance</td>
<td>Legal structure</td>
<td>Legal situation</td>
</tr>
</tbody>
</table>

Table 2: Presentation of Case Studies
5. Empirical results

We herewith present some first results regarding social innovations by Social entrepreneurs as well as intrapreneurs in two German social service sectors. The quantitative data will be illustrated by evidence from our four case studies.

5.1. The initiation of social innovations: Intrapreneurship prevails

Our first hypothesis concerned the initiation of social innovations in child and elderly care. What we found out is, that according to our assumptions, there is a considerable amount of innovative activities in established structures (see Table 3), where committed personalities engage in the development of new services for people in need. This holds true for the promotion of children with a migratory background as well as for culturally-sensitive elderly care. Our second hypothesis assumed that the sector of elderly care provides more opportunities for entrepreneurship than the quite strictly regulated sector of child care and education. And indeed, the variation of initiators differed significantly between our cases from the sectors of child and elderly care, the latter showing far more social entrepreneurs in the strict sense than in the sector of child care. While in this sector, intrapreneurship undoubtedly prevails, entrepreneurs can enter the sector of child care more easily if the project is initiated together with established actors, as a fifth of the observed cases.

In general, which was also underlined in the case studies, social intrapreneurs have a comparative advantage regarding especially the financing of their project, as they can rely on the organization’s resources (material as well as immaterial) in order to try out new services (for new target groups) or new organizational forms of service delivery.

<table>
<thead>
<tr>
<th></th>
<th>Intrapreneur</th>
<th>Mix</th>
<th>Entrepreneur</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Child care</strong>&lt;sup&gt;4&lt;/sup&gt;</td>
<td>449</td>
<td>134</td>
<td>46</td>
<td>629</td>
</tr>
<tr>
<td></td>
<td>71,4%</td>
<td>21,3%</td>
<td>7,3%</td>
<td>100,0%</td>
</tr>
<tr>
<td><strong>Elderly care</strong>&lt;sup&gt;5&lt;/sup&gt;</td>
<td>31</td>
<td>7</td>
<td>11</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>63,3%</td>
<td>14,3%</td>
<td>22,4%</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

*Table 3: Number of projects depending on the initiator*<sup>6</sup>

A complementary result became evident in the case studies. Even though, the sector of elderly care seems to provide more opportunities for entrepreneurship, both fields share the

<sup>4</sup> Chi-Square Test shows significant results (p<0,001).
<sup>5</sup> Chi-Square Test shows significant results (p<0,001).
<sup>6</sup> Mann-Whitney-U test shows significant differences between child care and elderly care (p<0,01).
crucial issue of addressing their target groups. While in the field of child care, the schools and especially their principals exercise, indeed, an important and difficult to convince gatekeeper function, in the sector of elderly care, the traditional ways of addressing the target groups do not work. Cultural sensitivity seems to be dependent not only on culturally-sensitive services but more over on a culturally-sensitive address. And this problem arose for entrepreneurs and intrapreneurs alike. An interviewee from case E1 stated, that the address had to be rather directly relational over individual contacts, while German target groups could more easily contacted by bill-board or newspaper advertising. In case E2, during project development the originally intended target group (Turkish immigrants) could not be convinced of the provided model of a shared flat for their relatives with dementia disease, as care is still mainly assured within the family. Thus the target group was changed and the second-biggest community of Russian immigrants was successfully contacted via a migrants’ association. Case C1 showed accordingly that parents and especially mothers of the target group could only be addressed if supervision for the younger siblings was assured. The project found the innovative solution to entrust elder siblings with this task which created unexpected additional social value. And finally, case C2 particularly focused on the instruction of the high-school pupils in culturally sensitive behavior towards the pupils and families they were working with (e.g. appropriate clothing).

5.2. Social innovations in cooperation: “It’s the network, stupid?”

Our third hypothesis underlined the importance of cooperation especially for the entrepreneurs to get access into the closed-shop-like institutional structures in Germany. We found out, that cooperation is quite important for all types of projects, in the sector of child or elderly care as well as from within or without established structures alike. At the same time, cooperation seemed to be especially important for social entrepreneurs in the sector of child care. This fits not only our hypothesis regarding cooperation in general, but moreover our analysis of the differences between the two sectors, as the sector of child care is characterized by more prominent barrier for new actors than the sector of elderly care.
As it is so important, and this was also confirmed in the case studies, to integrate the schools’ principals, realized projects in this sector are mainly carried out in cooperation. As in both our case studies from the sector of child care (C1+C2), the projects depended critically on the cooperation of the schools, be it in order to address pupils in need or for the provision of rooms, all interviewees stressed the importance of cooperation for the success of the project. Case C2, which could use the nationwide network of the initiating charity association for scaling, faced important problems to convince principals to participate in the project. In the sector of elderly care, cooperation was not that important, even though one of our case studies (E2) was characterized by a considerable degree of cooperation. In this case, the high level of cooperation was due to the complexity of the project and the necessity to circumvent municipal obstacles. At the same time, this unique coincidence of committed actors in the participating organizations combined with legal and financial particularities makes it extremely difficult to transfer the innovative project to other municipalities. As the other sector in the field of elderly care (E1) was only conducted by the local office of the nationwide welfare association, it was somehow surprising that even though the project gained considerable attention from their federal office, the project did not seem to spread to other local offices of the same welfare association. We explain this finding by the specific local environment that provided room for local communication of relevant actors (roundtable) even though the project itself was not conducted in cooperation.

5.3. The funding of social innovations: Rather non-enterprising innovations

Our fourth hypothesis concerned the different sources of funding used by intrapreneurs and entrepreneurs. We assumed that social entrepreneurs rely more heavily on earned income than social intrapreneurs that can rely on organizational and/ or public funding. While this hypothesis can only be carefully accepted, as there are only few observed cases in the field of elderly care and only a low level of significance in the field of child care, we found out, that public funding is also quite important for social entrepreneurs.

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7 Kruskal Wallis Test shows **significant differences** between the cooperation of the observed groups (p<0,001).
8 Kruskal Wallis Test shows **no significant differences** between the cooperation of the observed groups.
9 Mann-Whitney-U test shows **significant differences** between child care and elderly care (p<0,001).
Table 5: Share of projects with different sources of funding

<table>
<thead>
<tr>
<th></th>
<th>Intrapreneur</th>
<th>Mix</th>
<th>Entrepreneur</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Child care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public (basic)</td>
<td>287</td>
<td>77</td>
<td>15</td>
<td>379</td>
</tr>
<tr>
<td></td>
<td>63,9%</td>
<td>57,5%</td>
<td>32,6%</td>
<td>60,3%</td>
</tr>
<tr>
<td>public (additional)</td>
<td>127</td>
<td>43</td>
<td>19</td>
<td>189</td>
</tr>
<tr>
<td></td>
<td>28,3%</td>
<td>32,1%</td>
<td>41,3%</td>
<td>30,0%</td>
</tr>
<tr>
<td>donations</td>
<td>85</td>
<td>45</td>
<td>13</td>
<td>143</td>
</tr>
<tr>
<td></td>
<td>18,9%</td>
<td>33,6%</td>
<td>28,3%</td>
<td>22,7%</td>
</tr>
<tr>
<td>earned income</td>
<td>52</td>
<td>25</td>
<td>5</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>11,6%</td>
<td>18,7%</td>
<td>10,9%</td>
<td>13,0%</td>
</tr>
<tr>
<td><strong>Elderly care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public (basic)</td>
<td>24</td>
<td>6</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>77,4%</td>
<td>85,7%</td>
<td>90,9%</td>
<td>81,6%</td>
</tr>
<tr>
<td>public (additional)</td>
<td>17</td>
<td>2</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>54,8%</td>
<td>28,6%</td>
<td>27,3%</td>
<td>44,9%</td>
</tr>
<tr>
<td>donations</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>12,9%</td>
<td>14,3%</td>
<td>18,2%</td>
<td>16,3%</td>
</tr>
<tr>
<td>earned income</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>3,2%</td>
<td>0,0%</td>
<td>27,3%</td>
<td>8,2%</td>
</tr>
</tbody>
</table>

This is especially the case in elderly care, where they can for example rely on revenues from public nursing care insurance and on municipal subsidies for volunteers. In contrast, in the field of child care, social innovations can generally rely on more funding in the form of donations. Our four case studies showed a considerable amount of variation regarding their sources of funding that especially fits our quantitative findings regarding the differences between the two sectors. While case C1 was mostly dependent on short-term funding but different foundations, case C2 used a mix of participation fees and funds raised during charity events. Case E1 could use resources of the welfare association itself and was able to compensate their volunteers via municipal subsidies. Case E2 relied mostly on public nursing care insurance while a deficiency guarantee was assumed by the internal social foundation of the housing company involved in the project.

10 Kruskal Wallis Test shows **significant differences** between the cooperation of the observed groups (p<0,001).
11 Kruskal Wallis Test shows **no significant differences** between the cooperation of the observed groups.
12 Kruskal Wallis Test shows **significant differences** between the cooperation of the observed groups (p<0,01).
13 Kruskal Wallis Test shows **significant differences** between the cooperation of the observed groups (p<0,1).
14 Kruskal Wallis Test shows **no significant differences** between the cooperation of the observed groups.
15 Kruskal Wallis Test shows **no significant differences** between the cooperation of the observed groups.
16 Kruskal Wallis Test shows **no significant differences** between the cooperation of the observed groups.
17 Kruskal Wallis Test shows **significant differences** between the cooperation of the observed groups (p<0,01).
18 Mann-Whitney-U-Tests show **significant differences** between child and youth care regarding public funding (basic)(p<0,001) and public funding (additional)(p<0,01). Regarding donations and earned income there are no significant differences.
It seems thus legitimate to conclude, that even though the German institutional landscape does not provide ample opportunities for social entrepreneurs, realized projects from outside established structures do not seldomly get access to public sources of funding.

6. The institutional embeddedness of social entrepreneurship

The aim of this contribution was the exploration of the role and potential of social entrepreneurship in an established welfare state with a rather dense net of welfare provision and a very prominent third sector. We started from the assumption that, compared to the deficient welfare states, where Social Entrepreneurship gained prominence first, the movement faces rather different opportunity structures in the German welfare state, which is marked by established institutions and actor constellations. Our data shows a far smaller role of Social Entrepreneurship. The German welfare sector is embedded in a dense net of third sector organization with close relationships to public bodies, especially the local governments which are responsible for a range of social services. This ensemble of intermediary actors between state, market and community makes it difficult for new players to enter these closed shops – the playing fields are grazed. In a process of institutionalization forerunners of the social entrepreneurs of today, as e.g. clerical associations of the 19th century or the alternative “self-help” movement of the 1970s, face now “associational failure”. That leads to the question whether Social Entrepreneurs in a narrow sense are able to present market-oriented and entrepreneurial solutions for societal problems beyond particular cases, that can compete with the state and the established associations in terms of effectiveness and efficiency.

It has been shown that the (assumed) social entrepreneurs in our sample did not represent original new forms of services which were per se superior to the offers of established organizations. Established organizations themselves have shown a considerable degree of innovation and were able to promote new ideas in their “old-fashioned” organizations (“Intrapreneurship”). Additionally, many of these organizations had introduced managerial reforms during the waves of New Public Management and “Social Management” in the course of the 1990s. Even if this development is still contended, the perceived “backwardness” of established welfare associations is far from the empirical world (Grohs/Bogumil 2011).

The projects identified in our study are seldom consistent with the picture of the singular philanthropic entrepreneur celebrated in the social entrepreneurship-literature. There are no examples of path-breaking innovations which transform the institutional landscape of welfare
provision by the means of diffusion. Rather, we face projects which develop out of established structures and organizations (“intrapreneurship”) and are triggered by local issues. Innovations emerge, when established actors co-operate and identify new, often hybrid solutions. This result points to an only residual relevance of “Social Entrepreneurs” in a narrow sense of the word.

Contrasted with the public prominence of SE, this sobering analysis calls into question the rhetoric of “paradigm shifts” and “change-makers”. There is no doubt about the attractiveness of the visionary character of the SE-discourse – especially to actors outside the policy-network of social policy. For them, a new resort from dilemma of growing social needs and stagnating public budgets is opening up. At the same time an added value is expected by the personal engagement of the “entrepreneurs”. Our discussion of the specific conditions of welfare production in the German sector of social services has shown that a simple transfer of Anglo-Saxon models faces severe constraints. First of all, the terminology and concepts have to be adapted to the respective welfare regime and be embedded in institutional contexts. Regarding terminology, the term “Social Entrepreneurship” has been refused by most innovators as a label for themselves (which justifies our methodological approach ex-post).

How relevant are the examples of SE identified in our study? No real competition between existing services and new players has developed so far. This is also due to the modest extent and different constituencies. The projects move in niches and are mostly risk avoiding in financial terms. Established providers are not set under pressure in this way. But in fact, the new forms of societal action are observed by other players and they integrate these stimulations in their own repertoire of action quite often. In this context, some SEs offer new approaches by specifically addressing groups which have so far not considered volunteering (e.g. pupils with migratory background) or consciously rely on ‘trendy‘ organizations (e.g. ’Rock your life‘). In this respect, new innovative projects offer the potential for attracting additional volunteers. Not least, the majority of the projects calling themselves SEs are bound to have been founded on the strength of private commitment. It is therefore safe to say that in this respect, civic commitment is undergoing an institutionalization – not unlike the institutionalization of the self-help movement in the 1970s and 1980s.

However, the attention SEs currently attract – not least due to the not inconsiderable efforts on the part of the intermediary associations – could lead to two unintentional but problematic effects. In view of the media presence, it is a worrying aspect that in our new “attention economy”, the “old-fashioned” initiatives might get a smaller slice of the
donations-and-grants pie, or rather, that they might be forced to vie for these by staging a similar media circus – which would lead to a shift in the focus of their work, away from the actual problem-solving towards marketing. This includes the risk of “cherry picking” in terms of the target groups, so the attention might shift towards groups where it is easier to achieve media-communicable successes rather than towards those who might be already neglected by state and welfare associations alike.

Secondly, new kinds of ‘rating agencies’ for social projects are currently establishing themselves. They are close to SEs and provide potential sponsors with tips for “social investments” (sometimes accompanied by considerable costs). The emerging efficiency benchmarking systems are operating relatively independent of the long-term debate on efficiency orientation in social work and the public sector, in consequence, this harbours the risk that a very specific perspective, generally not intended public knowledge, determines the distribution of funds. However, a far more urgent issue than these potential problems is the co-ordination between offers: cooperation, networking and more competition and management are the key issue in the social services sector. Institutions which are currently parallel must be connected differently to avoid potential losses of momentum and consolidate resources with the aim of expanding the local social infrastructure. The new actors in the social sector (SEs) should be taken into account, but not be overestimated (according to current indications). SEs can function as innovation incubators, although it is probable that we will see an “annexation” of their successful approaches by the established structures (continuity and reliable funding structures); so that “making a small but vital difference” rather than “change” (in the sense of an extensive structural change) might be the function of social entrepreneurship in the German context.
7. Bibliography


