5 Social Enterprise in Germany

Between Institutional Inertia, Innovation and Cooperation

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Introduction

Although the term social enterprise (SE) is not legally defined and no precise common understanding of the concept exists in Germany today, around 70,000 German entrepreneurial organisations aim to promote the common benefit rather than individual gain (Göler von Ravensburg *et al.* 2018: 58–64). Some of them can look back on a long history, stretching back over 150 years. These organisations operate under a wide variety of forms, which emerged in different times and contexts, and against the background of different philosophies or traditions. They do not act or see themselves as a coherent “SE sector”; they are organised in separate groups or “families”, with different identities, institutional and legal frameworks, research affiliations, education and training organisations, etc. The general “SE debate” in Germany is thus split and takes place—with some few exceptions—within these groups or families.

In the present chapter, we will outline the main discussion lines and models of what could be considered as social enterprise according to the indicators that make up the EMES Network’s approach of the ideal-typical social enterprise. These indicators have been used as a common frame of analysis within the ICSEM Project.¹ We will discuss the current promotion of SE initiatives by public authorities as well as the general societal and the most relevant socio-economic conditions they face. As their numbers are greatest in the welfare sector, we will focus our assessment of potentials and likely future trends in this sector.

5.1 The SE Debate in Germany

The term “social enterprise” first entered the German context in the middle of the 1990s as *Sozialer Betrieb*, whose meaning was limited at the time to the concept of work-integration social enterprise (WISE). But the term *Sozialer Betrieb* (with some variations), which even referred to legal status in some German *Länder* (e.g., in Lower Saxony), soon fell

into oblivion again, as WISEs failed to deliver on their promises (Birkhölzer and Lorenz 2001a).

At about the same time, the concept of “third sector” was introduced into German academic discourses by the International Society for Third-Sector Research (ISTR)² and the Johns Hopkins Comparative Non-Profit-Sector Project³ (Anheier *et al.* 1997; updated by Priller *et al.* 2012). The underlying concept of “third-sector organisation” (TSO) was subsequently used by several German surveys, including the “civil society in numbers” survey (*Zivilgesellschaft in Zahlen*, or ZiviZ; see ZiviZ 2017).⁴ “Civil-society organisation” (CSO) was another term used. Yet, the statistics on TSOs and CSOs cover a far wider range of organisations than social enterprises, while neglecting recent SE start-ups. Consequently, in the absence of specific statistics on social enterprise, extrapolations are necessary to provide even a rough estimate of the number of social enterprises in Germany (Göler von Ravensburg 2018: 57–61).

The term “social economy”, which appeared for the first time on the European Union agenda in the early 1990s, cannot easily be transferred to Germany, where the literal translation of the term is *Sozialwirtschaft*, which is used only for—public as well as private—enterprises/institutions offering statutorily defined welfare services. It thus neglects initiatives in fields other than social services, such as the production or use of common goods, culture, education, housing or ecology.

5.2 Development and Models of “Social Enterprise” in Germany

Social enterprises currently active in Germany have several historical precursors. There are strong associative roots in the country, as well as cooperative, mutual and other self-help groups traditions, usually associated with the “social economy” in much of Western and Southern Europe. Some social enterprises are supported by philanthropic actors through donations and “social investment”, others by more business-oriented actors. There are very few social enterprises owned by public authorities; for the purpose of this exercise, they can be neglected. So far, most specific SE models tend to emphasise their differences rather than their common features; these models will be presented more or less in chronological order of their emergence.

5.2.1 Associative Tradition, Charitable Roots and the Development of the Welfare State

Germany has a very strong tradition of compulsory corporatist association from feudal and pre-modern times (Hartwig 1997). From the middle ages onward, church associations ran hospitals, soup kitchens and other similar initiatives, while craft or guild-related associations

looked after social welfare and craft education, among other things. In the 17th and 18th centuries, new associations filled many of the gaps left by the end of feudal structures, including the management of natural resources (e.g., forest owners' associations, drainage and irrigation associations).

Enlightenment and the growth of civic society in the 18th century led to educated elites organising new common-good activities in voluntary associations, such as reading clubs. In 1794, Prussia was the first state in what is now Germany to grant its citizens the right to gather and associate freely. Truly German associative legislation (*Reichsvereinsgesetz*) recognising associations as non-commercial private-law entities (*eingetragene Vereine*, or e.V.) was only passed in 1908.

Federative structures for welfare-oriented associations were developed through a slow process matching the German nation-building and, later on, the development of the welfare state. The first umbrella organisations developed around the middle of the 19th century. With the codification of the welfare state in the Weimar Republic, these federal structures became important for liaising with the federal government, so most of the welfare organisations became members of one of the six federal organisations. These federated groups of voluntary associations, together with hundreds of non-affiliated local associations, gradually became the service-delivery agents of the growing welfare state.

Besides these welfare-delivering associations, many thousands of leisure, sports and cultural associations developed in the 20th century (Kirchheim 2013). But while the number of associations keeps increasing, the average number of members has been shrinking lately (Stiftung für Zukunftsfragen 2014). While 62% of all Germans were members of at least one association in 1990, this was only true for 44% of the population in 2013.

5.2.2 Cooperative Traditions

Industrialisation and urbanisation in Germany resulted in dire distress among small farmers, craftsmen and small retailers in the second half of the 19th century. The cooperative idea seemed a functional antidote to this issue. In particular, the model of credit and savings cooperative soon became promoted very effectively by Raiffeisen and Schulze-Delitzsch. In rural areas, credit- and savings-related activities were usually combined with agricultural purchasing and marketing activities, while in urban areas, credit and purchasing were usually dealt with in separate cooperatives. The shortage of urban housing, coupled with the fact that a great number of local municipalities and regional governments gave housing cooperatives a public-benefit status (*Gemeinnützigkeit*), thereby exempting them from most taxes, also brought about a strong movement in the housing sector, albeit this movement developed a little later (in the 19th and early 20th centuries) than that of credit and savings cooperatives.

By contrast, the number of consumer cooperatives remained rather small, and worker cooperatives have always been a marginal phenomenon. Generally speaking, the German cooperative history has been more oriented towards small and medium enterprises and farmers than towards the working class (see, among others, Engelhardt 1994).

For historical reasons, German cooperatives (*eingetragene Genossenschaften*, or eG) have been intent on adopting commercially viable business models and on achieving autonomy from the state right from the beginning. In order to achieve this, all cooperative sectors established strong structures for institutional collaboration, such as secondary-level cooperatives and companies for the organisation of bulk purchasing or common marketing (*Verbünde*), and central cooperative banks as well as federations (*Verbände*) at regional and national levels. In order to protect cooperative members from possible abuse, the federations assumed auditing responsibilities and the state obliged all cooperatives to become members of at least one auditing federation.

5.2.3 *Mutual Traditions*

There is a rich tradition in accident, fire, health and originally also burial mutual insurance (*Versicherungsvereine auf Gegenseitigkeit*, or VvaG) in Germany. In the early stages of the welfare state, many of these mutual insurances concluded contracts with the compulsory health insurance scheme introduced by the state, whereby they became subsidiary delivery agents. They remained private and autonomous in their governance but became subject to certain delivery norms set by the state. They are still non-profit seeking, continue to use surplus predominantly to improve their services for the members, and maintain an asset lock (Wendt 2013: 383). Many of them have since amalgamated several times, bought out other types of insurance firms, formed a myriad of daughter firms, and grown enormously: mutuals covered about 22% of the entire insurance market in Germany in 2003 (Wendt 2013: 384).

5.2.4 *Philanthropic Traditions*

In the 19th century, many industrialist families started foundations or gave their money to humanist, religious or art initiatives. The two world wars, hyper-inflation and the policies of the National Socialist regime brought an end to many foundations; yet a substantial number of these survived the 20th century, but few new ones were started until the late 1990s. Since then, politically supported initiatives for more civic engagement (e.g., change of trust law and public-benefit law in 2000) have resulted in the creation of thousands of new foundations.

An entirely new form of foundations was also introduced and popularised from the late 1990s by national and federal states' governments,

namely the citizen foundation (*Bürgerstiftung*). Rather than relying on the money of a few big benefactors, this kind of trust can collect small donations from many people. At the last count, there were 408 *Bürgerstiftungen*, geared towards establishing a sustainable financial base for local-development initiatives (Stiftung Aktive Bürgerschaft 2019). The objectives of these citizen foundations are usually common-benefit-oriented but with a local focus (Tietze 2013).

All foundations can either donate funds to other organisations, develop their own projects or do both. Most private foundations are merely funding third-party endeavours; a smaller part implements their own projects and programmes.

5.2.5 Work-Inclusion and Work-Integration Social Enterprises (WISEs)

In Germany, two different types of social enterprise offer opportunities for labour-market integration and work inclusion to two more or less distinct groups of people: people with disabilities (in Germany, the term “work inclusion” is now preferred for this group of people) and people with other labour-market handicaps.

Work Inclusion of Persons with Disabilities

Germany’s tradition of sheltered work for people with severe physical or mental handicaps or irreversible psychological problems can be traced back to the late 19th century. It was drastically interrupted by the National Socialist regime in the 1930s. Post-World War II developments of regulating work integration for the handicapped only began again with the Social Welfare Act (*Bundessozialhilfegesetz*) in 1961 (BAGWfbM 2013). This Act created the financial basis for sheltered workshops (*Werkstätten für behinderte Menschen*, or WfbM). Partially as a result of an increasingly popular assisted-living movement, additional legislation was passed in 1974 to regulate the eligibility criteria and employment conditions for the 50,000 heavily impaired workers who were hired at the time in sheltered workshops. Another type of work-integration enterprise, employing a mix of persons with and without disabilities, became more and more popular. These initiatives were first called “integration enterprises” (*Integrationsbetriebe*), but they have since come to call themselves “inclusion enterprises” (*Inklusive Unternehmen*); they became legally acknowledged in 2001.

Since 1980, sheltered workshops have been recognised as organisations offering work integration rather than employment; the state covers part of the salaries and of the special integration services, such as transport. Employees are protected against dismissal, and their numbers have grown dramatically. In 1996, the Welfare Act was revised in such a way that

workshops were forced to reduce their services; however, this did not stop the increase in the numbers of both workshops and jobs created.

Activities of and public financial support to workshops and inclusive enterprises are strictly regulated, and all these organisations are registered with state authorities. The latest discussions on the implementation of the International Convention on the Rights of Persons with Disabilities are likely to bring about new changes in this system in the near future (Göler von Ravensburg and Zillinger 2017).

Work Integration for Long-Term Unemployed Persons

The first WISEs aimed at the (re-)qualification and maintenance of employability of non-handicapped people (*Beschäftigungs- und Qualifizierungsgesellschaften*) were set up in West Germany in the 1980s for workers who would otherwise have been made redundant in the context of technological change in traditional industries, e.g. in Nordrhein-Westfalen. These enterprises were initiated either by workers, with the aid of trade unions, or by local authorities (Evers and Schulze-Böing 2001). Later on, several consortia of local authorities, welfare associations, churches and educational institutions took over; this was particularly frequent in the case of WISEs aiming to re-qualify their workers.

As a consequence of the unification process between East and West Germany, in the early 1990s, about 330 new WISEs were set up in East Germany (FES 1991; Vomberg 2013). These primarily aimed to train staff in new technological and entrepreneurial skills.

The number of WISEs for non-handicapped elderly and long-term unemployed has dwindled since the introduction of Labour Market reforms (especially “Hartz IV”) in the early 2000s. The remaining WISEs largely take in adolescents and young adults without sufficient schooling, for courses of up to 18 months. They aim at an eventual integration into the general labour market. Most of their income stems from contracts based on the number of clients, won in calls for tenders issued by the Federal Labour Office (*Bundesanstalt für Arbeit*), augmented by sales income and project finance from (EU and regional) structural funds earmarked for the creation of new job opportunities (Vomberg 2013).

5.2.6 From Community Action to Neighbourhood and Community Enterprises

In the 1970s and 1980s, many so-called “alternative initiatives” were launched (on grassroots initiatives, see Birkhölzer and Lorenz 2001b). They were largely environmentally and ecologically oriented, and they soon formed a movement that eventually resulted in the creation of the political party *Die Grünen/Bündnis 90*. In entrepreneurial terms, these movements resulted in many self-governing enterprises, active in a broad

array of activities—the enterprises set up included for example left-wing book shops, the first cooperative-type producers of solar cells, shops selling organic food, the first car-sharing organisations and initiatives similar to local exchange trading systems (LETS, also referred to as *Tauschringe* in Germany; see, e.g., Kuhn 2002). Many of these initiatives were never formalised, and were thus automatically treated as civil-law partnerships (*Gesellschaft bürgerlichen Rechts*, or GbR). Others grew and became limited-liability companies (*Gesellschaft mit beschränkter Haftung*, or GmbH). Although many of these organisations were, in essence, worker cooperatives, they usually shied away from registering as such, due to the requirements linked to this legal form (compulsory membership in the cooperative federations and relatively costly auditing). Today, most of them have become more or less “traditional” private enterprises. Those that continue to embody transformative ideas do not tend to identify with the term “social enterprise”, although they frequently have significant market sales and demonstrate economic autonomy.

5.2.7 Business Background

The advent of social enterprises of a social-business kind and of corporate social responsibility (CSR) activities in the Anglo-Saxon understanding of the term can be traced back to the early 2000s. One of the milestones in the promotion of social entrepreneurship in the country was the foundation of Ashoka Germany, in 2003.⁵ Individuals as well as groups of social entrepreneurs set up enterprise models relying on innovation, niche markets and local or regional needs not yet covered by existing actors. Typical examples of this can be found in non-formal or complementary education, upcycling, fair trade and community services. These initiatives place a great deal of emphasis on the business approach as a means to serve hitherto underserved communities, such as migrants and people with certain types of handicaps. They frequently rely on public relations in order to obtain the needed additional non-market private-sector funding. Today, such innovative start-ups are frequently supported by organisations like Ashoka, Grameen Creative Labs, Genesis, Phineo, Schwab Foundation, BonVenture, enorm, Social Lab or Social Hub.

5.3 Promotion by Public Authorities

In 2010, in the course of its strategy to foster citizen engagement (*Nationale Engagementstrategie*), the German government explicitly embraced the goal to promote social enterprise. It used a definition of the term provided in the national strategy for citizen engagement that states, in a somewhat circular way (and interestingly, switches to individuals), that “social entrepreneurs

are persons who, based on their individual engagement, set up social organisations which solve social challenges through innovative and entrepreneurial means” (Deutscher Bundestag 2012 2). The 2013 federal coalition agreement (Deutsche Bundesregierung 2013) also made specific mention of social innovation and social entrepreneurship. However, neither was repeated in the 2018 coalition agreement (Deutsche Bundesregierung 2018) and so far, SE promotion remains just one of several parts of the national strategy to foster citizen engagement.⁶

While several ministries have dealt with social enterprise in the past ten years (Göler von Ravensburg *et al.* 2018: 27–9), there seems to be an unspoken agreement at the moment that no precise definition is needed and no special legal form will be imposed. Little state support is exclusively targeted at social enterprises. At the same time, there is a great deal of freedom for the landscape to continue developing, but this situation also hampers precise data collection on social enterprises and the interpretation of the phenomenon in Germany.

Nevertheless, certain areas where the public sector at the federal level directly supports social enterprise can be identified.

First, with its engagement strategy, implemented through the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (*Bundesministerium für Familien, Senioren, Frauen und Jugend*, or BMFSFJ) from 2001 onwards, the federal government has publicised and promoted “citizen (or community) foundations” (*Bürgerstiftungen*, see above) (Deutscher Bundestag 2017: 320). The number of these citizen foundations has grown quickly in the first decade of this century, but it now seems that a kind of saturation has been reached.

Secondly, the rapid advent of about 850 energy cooperatives, with approximately 180,000 members (DGRV 2019), can be attributed to nine federal acts passed since 1999. These acts opened the possibility for small producers to feed electricity into the grid and gave priority to environmental-friendly production (wind, solar, etc.) over conventional energy production. It also opened ways for citizens’ investments into the transformation of the energy system. However, not all energy cooperatives can be considered as social enterprises from the point of view of the EMES indicators. In particular, not all energy cooperatives give primacy to the social (in this case ecological) aim over the economic one.

Thirdly, the first steps to create (state-aided) financing instruments for social enterprises have been introduced in 2012 by the BMFSFJ through the German credit bank for reconstruction (*Kreditanstalt für Wiederaufbau*, or KfW) (Göler von Ravensburg *et al.* 2018: 77).

5.4 Societal Environment for Social Enterprise in Germany

Several general socio-economic factors are currently influencing the environment for social enterprises in Germany.

5.4.1 General Socio-Economic Influences

First, the role of civil society and citizen engagement are currently debated in the country, and this may lead to a redefinition of the relationship between the market, the state and civil society. Secondly, many municipalities can no longer afford to maintain certain infrastructures or services which they traditionally financed, even though they were not obliged to do so (e.g., sociocultural centres, as mentioned above, but also public swimming pools or sports arenas). This opens up a space of action for social enterprises. This is also the case in regions where structural unemployment is high (which has led to the emergence of community cooperatives and other new employment-creation initiatives) or where demographic change has led to publicly owned infrastructure decaying and commercial activity dwindling to such a degree that the remaining population seeks to mitigate the situation with civil-engagement strategies (e.g., by starting village shops or revitalising pubs and railway stations through self-help initiatives of various kinds). These trends are reinforced by the recent upsurge in public awareness created by various “social-entrepreneurship” promotion agencies.

The likelihood that individuals set up a SE venture is reduced by cultural predispositions in Germany, which tend to discourage social enterprise in three ways: entrepreneurial failure is viewed particularly critically; entrepreneurial culture is not very well developed in comparison to what is the case in other industrialised countries, and Germans are not overly apt to set up a business (Leppert 2008; Brixy *et al.* 2010).

There does not appear to be any overt party/political, church or trade-union support for the idea of social enterprise (Vogt 2013a: 145; 2013b, based on Klemisch *et al.* 2010: 56), except by individuals at a relatively low decision-making level.

It is difficult to assess the role the German philanthropic culture plays in terms of supporting social enterprise: Germany is ranked 22nd in the CAF World Giving Index 2018 in terms of help to strangers and time and money donated, and 19th when it comes to financial donations (CAF 2018). Yet, no one has so far established what portion of that giving goes into SE ventures. And although there are more high-net-worth individuals (HNWI) in Germany than virtually anywhere in the EU (Statista 2019), quite few of them seem to support social enterprise. In other words, there might be an untapped potential here (Glänzel *et al.* 2013; Scheuerle *et al.* 2013; Glänzel and Scheuerle 2016).

This said, the particular German opportunities for social enterprise outlined above, as well as Germany’s relatively high per-capita income and economic strength, which make it possible for consumers to co-finance SE ventures and buy ethically, create market opportunities for SE ventures (Scheuerle *et al.* 2013; Kwan and Glänzel 2014).

5.4.2 Institutional Landscape of the Welfare System

Many German social enterprises deliver welfare services and are facing, as a result hereof, some institutional peculiarities—if not obstacles—linked to Germany’s welfare system (Nock *et al.* 2013).

Welfare services are largely publicly financed and they are provided in a subsidiary way: the state outsources service delivery to more than 100,000 organisations, most of which are associations belonging to one of the six large welfare associations (*Wohlfahrtsverbände*). The strength of the associative system relies on two specificities: first, associations have existed for a long time and have thus been able to acquire significant assets; and secondly, they have charitable, common-interest status (*Gemeinnützigkeit*), which, as already stated, entitles them to certain advantages in fiscal terms. This status also entails an asset lock and a non-distribution clause for surpluses as well as an obligation to render services to everyone in need; it is perhaps best described as a mixture of “not-for-profit” and “for the common benefit”. It has developed as a consequence of the German tradition of subsidiarity in the field of social policy: the state would establish the law (at the federal and state level) and make funds available (at the municipal or district level), while non-state organisations of the “autonomous common-benefit welfare” (*freie Wohlfahrtspflege*), as they call themselves, did the actual work. “Autonomous” in this context indicates independence from any government (non-governmental character—a fact which they are eager to emphasise). When granted charitable, common-benefit status (*Gemeinnützigkeit*), these organisations (as well as many leisure, sports, cultural and ecological associations) are exempted from income-related taxes (Abgabenordnung AO 1977, §52 (2), Abs. 9). In the eyes of the general public, this status became the mark by which an organisation proved that it was a “non-profit organisation” (NPO). This status even came to be seen by social-welfare authorities as proof of worthiness and subsequently led to extended legally granted rights for such organisations to co-govern public social planning and allocation decisions.

However, *Gemeinnützigkeit* has two great disadvantages in terms of entrepreneurial activity: First, the surplus generated has to be spent “promptly” (*zeitnah*, as the law expresses this; in practice, within two years [Abgabenordnung AO 1977, § 55 Abs. 1, Nr. 5]), thus making long-term savings for future investments almost impossible. Secondly, the law describes specific activities which are deemed to be “for the common benefit”, but excludes a lot of activities which might also be considered as being “for the common benefit” or “in the general interest”.

On the other hand, *Gemeinnützigkeit* offers political influence. Their legally granted co-governing role allows these organisations and in particular their federations to exercise significant influence on policy-making and standard setting in social welfare (and in other policy areas,

such as sports policy). Old associations are also frequently well capitalised, which gives them a competitive advantage. Newcomers in welfare delivery find it difficult to enter (quasi-)markets, and even more so since access often presupposes accreditation with the local or regional government and contracts are frequently still allotted as a result of negotiations rather than tenders.

5.4.3 Social-Policy Environment

Most German welfare organisations have experienced increasing strain in the last decade. Rights to services were personalised, public financing largely changed from subsidies to output-oriented contracting, and certification of quality standards was introduced. Welfare organisations were forced to take serious strategic decisions and have since been straining their managerial capacities (e.g., Brinkmann 2010: 247). A certain amount of scepticism on their part regarding the idea of social entrepreneurship and, in particular, a business-type social enterprise must be read in the light of the dramatic overall changes that have occurred in the governance of social services. Reacting to European endeavours to support social entrepreneurship, the consortium of the six big national welfare federations offered, in 2012, to cooperate with all “suitable social enterprises” (BAGFW 2012: 5; translation by the authors). The consortium acknowledged the importance of new actors for innovation and—albeit tentatively—offered to play a role in supporting their development (BAGFW 2012: 2).

At the same time, policymakers and service-delivery agents at the local and regional levels are either not convinced that “social enterprise” is anything more than another word for privatisation and for transferring service delivery into the hands of organisations pursuing for-profit interests (Skerutsch 2004; Heinze *et al.* 2013: 339–40; Scheuerle *et al.* 2015), or they have not yet actively stated any position of their own (Fuchs 2014: 93). Although social law, in several instances, stipulates that small and new suppliers should be preferred in communal contracting (see, e.g., the opening in SGB IX § 41), these are still discriminated against (Göler von Ravensburg 2013) or experiencing serious problems with municipal lethargy, bureaucratic procedure and (socio-) political bias in favour of established actors (Heinze *et al.* 2013: 339–40; Fuchs 2014: 472–94).

It is also worth mentioning that the more innovatively a social enterprise behaves, the less likely it is to access sustainable long-term financing from (quasi-)public sources. Both external financing and service-contract conditions linked to public sources are designed to minimise risk rather than foster innovation. The institutional environment thus generally leads to enormous insecurities and high long-term risks for social enterprises.

The more market-oriented the new service suppliers are, the more suspicion they also raise on the part of both professionals in the field of social welfare and the general public. Meanwhile, traditional welfare organisations carefully avoid public discussions on the economic aspects of their own activities, to the point where social-work professionals tend to neglect or even deny the need for economic considerations altogether. Future developments in the definition of the common-benefit status are seen to be important, not only in regard to taxation, but also in regard to possible equity and market revenues.

5.5 Current Conceptual Debate in Germany

Despite some fascination for creative business-type approaches to meeting unfulfilled social and ecological needs, current German attempts at conceptualising social enterprise do not stress structural, transformative or even political elements. Civil-society organisations, private citizens and companies largely engage in SE activities which complement (but do not replace) services commonly or legally falling into the responsibility of the state. Much cooperative and civic engagement, like that of citizen foundations, is seen by (local) public authorities as part of a local-development approach.

Currently, the main challenge in Germany is to overcome dogmatic attitudes which still alienate existing social welfare organisations and new social enterprises as well as to develop models for cooperation between these two kinds of organisation. While the non-profit sector seems to begin to accept entrepreneurial behaviour when it is coupled with social innovation, social enterprises without asset lock and limitations on profit distribution will have to prove that they are not just part of a social- or green-washing trend.

But welfare organisations are becoming increasingly aware of the opportunities that social entrepreneurship represents. All but one federal welfare associations have begun in 2017 to cooperate in the Social Enterprise Network Deutschland (S.E.N.D. e.V.), which aims to foster both intrapreneurship and cooperation with newer types of social enterprise. Combining the innovative power of SE start-ups with the knowledge, market access, capacities and financing power of well-established organisations is seen to be the way forward. Stakeholders that took part in the 2019 European Commission Mapping Report as well as those that participated in the EMES Cost Workshop on Social Enterprise in Social and Health Services, held in Frankfurt in early 2019, both emphasise the potential of mutual learning (EMES 2019).

Conclusion

In Germany, a broad and inclusive—if somewhat fuzzy—concept of social enterprise is in use. It can accommodate both entrepreneurially

active common-benefit associations (BAGFW 2012) and more commercial, new-type social enterprises. Cooperative federations have not, so far, committed to any particular concept. Many of the new-style social enterprises emphasise their innovativeness, if not their transformative potential. Most academic conceptualisations also put a major emphasis on innovation. When compared to the SE conceptualisation put forward by the EMES Network, the biggest discrepancy probably lies in the fact that, in Germany, participatory governance is not yet recognised as a possible mitigation of commercialisation or even just as an issue worthwhile of a thorough debate.

New shortages of (urban) housing, depopulation trends in rural areas losing social infrastructure, an ageing population, digitalisation, shortages in skilled labour and growing demands for more individualised services are but some of the current challenges Germans face.

Most new-style social enterprises and their supporting ecosystems tend to be urban-based (Unterberg *et al.* 2015: 68). These enterprises are usually started by young people, frequently using digital means and the latest (communication) technologies. While they appear to be somewhat hesitant to agree that established providers can also be social enterprises, they will continue to have an impact on how the traditional third sector works and understands itself, either by being effective competitors or by cooperating.

In rural areas, some traditional cooperatives begin to support SE efforts to maintain social life (e.g., in old-age and child care). For one thing, the cooperative form is generally better known there than in urban areas. And secondly, energy cooperatives, which are often based in rural areas, begin to serve as a model for social-cooperative development in other fields of activities, wherever democratic decision-making is of social and economic importance.

Notes

- 1 See <https://www.iap-socent.be/icsem-project>.
- 2 See <http://www.istr.org/>.
- 3 See <https://ccss.jhu.edu/research-projects/comparative-nonprofit-sector-project/>.
- 4 See <http://www.ziviz.info/ziviz-survey-2017>.
- 5 See <https://www.ashoka.org/de/country/germany-0>.
- 6 The second civil-engagement report by the Federal Ministry for Families, Senior Citizens, Women and Youth (BMFSFJ) to the German Parliament (Deutscher Bundestag 2017) refers to social enterprise and cooperatives at some length in its section 5.7.

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