

## Chapter 2: Social Entrepreneurship in Germany

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### 2.1 Introduction: 'Social Entrepreneurship' in Germany – Perceived as an 'Imported' Concept and Still Rather Marginal

The social entrepreneurship (SE) movement is, arguably, still at a rather early stage in Germany, and SE has not yet attracted significant attention of resource-rich actors (such as government), as will be explained in this chapter. SE in Germany remains quite marginal and weakly institutionalised; the *Social Entrepreneurship Netzwerk Deutschland (SEND)*, the main network and lobbying organisation for SE, was only founded in 2017. Until now, there is still few research on SE in Germany from sociology, political economy or socioeconomics. Little is known about SE as a complex social and political phenomenon or movement in Germany (as 'more' than a form of entrepreneurship) – in particular beyond the initial phase of the late 1990s and early 2000s. This is where my study makes an empirical contribution, analysing representations of SE (in the media) and tracing how (representations of) the idea of SE has developed in this specific context. For this purpose, I have conducted an empirical discourse analysis of representations of SE in 349 newspaper articles between 1999 and 2021 (as Chapter 3 will outline). However, before coming to the empirical analysis, the development of SE in the specific context of Germany needs to be addressed, which is the purpose of this chapter. SE in Germany is mainly seen as a somewhat 'imported' concept, which is linked to the English term 'social entrepreneurship' that is mostly used untranslated in the German context. This chapter thus, explores how this 'foreign' term and concept unfolds and interacts with the institutional and ideational setting in Germany.

First, Section 2.2 will situate the 'social entrepreneurship' term in the German context, explaining that it refers to a distinct movement, which can be (historically) distinguished from other social economy movements. Section 2.3

then offers a brief overview of this specific SE movement in Germany, giving a snapshot of SE in the media, academic literature, of its actors and infrastructure as well as of first policy engagements with SE. In 2.4 the reception of this specific non-translated (English) term and concept – which was quite critical in social science and social economy circles – will be discussed. Arguably, this critical reception is due to the wider political and socio-economic context, as I will explain in 2.5. SE was perceived as part of (global) neoliberal developments – and there are overlaps between SE rhetoric (of this initial phase) and reform rhetoric in Germany (revolving around social policy and labour market reform). Looking forward, however, Section 2.6 argues, that little is known about SE beyond the early 2000s.

## 2.2 How to Make Sense of ‘Social Entrepreneurship’ in the German Context

In Chapter 1, it was explained in detail that context matters when understanding SE – meanings of SE, and contestations thereof, vary according to geographical, historical, political and socio-economic context. Thus, this section will focus on Germany and explain how to make sense of the English term ‘social entrepreneurship’ in this specific context. For this, I will mainly rely on Birkhölzer (2015) and Birkhölzer et al. (2015), who by the terms ‘social entrepreneurship’ and ‘social business’ – in their non-translated forms – delineate a specific movement that can be distinguished from other social economy movements in Germany.

For Germany, Birkhölzer (2015) proposes a typology of 14 different social enterprise or social economy movements. There is a common core to these social enterprise or social economy movements, which are based on: economic self-help and mutual assistance, charitable help, philanthropy and community initiatives and civic engagement (Birkhölzer 2015; Birkhölzer et al. 2015). However, the different movements can be identified and distinguished according to their specific “identities, shared values and organisational structures” (Birkhölzer 2015: 4) and having developed their own distinct traditions and models.<sup>1</sup> Birkhölzer bases this typology on Weber, integrating a historical

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1 This view is also shared by Göler von Ravensburg et al., who explain that different social enterprises in Germany “operate under a wide variety of forms, which emerged in different times and contexts, and against the background of different philosophies or

perspective (2015: 4–24); therefore, all 14 distinct social enterprise or social economy movements in the typology can be situated historically. In addition, Birkhölzer (2015) proposes a loose clustering of these 14 movements into ‘older social economy movements’ and ‘younger social economy movements’. The ‘older’ social economy movements include traditions that go back to the 19th century, namely:

- The co-operative model (*Das Genossenschaftsmodell*)
- The welfare model (*Das Wohlfahrtsmodell*)
- The model of foundations (*Das Stiftungsmodell*)
- The model of traditional associations (*Das Vereinsmodell*) (Birkhölzer 2015: 4–24).

The ‘younger’ social economy movements in the typology comprise movements that have been emerging since the 1970s, including:

- The model of integration enterprises (*Integrationsbetriebe*)
- The model of volunteer agencies (*Freiwilligendienste und –agenturen*)
- Models of self-managed enterprises of alternative-, women- and eco-movements (*Selbstverwaltete Alternativ-, Frauen- und Umweltbetriebe*)
- Models of self-help initiatives (*Selbsthilfeunternehmen*)
- The model of socio-cultural centres (*Sozio-kulturelle Zentren*)
- The model of German work integration enterprises (*Beschäftigungs- und Qualifizierungsgesellschaften*)
- The model of local exchange and trading systems (*Tauschsysteme auf Gegenseitigkeit*)
- The model of neighbourhood and community enterprises (*Nachbarschafts- und Gemeinwesenbetriebe*)
- Models of mutual insurance systems (*Versicherungsvereine auf Gegenseitigkeit*)
- **The model of social entrepreneurship (no German translation)** (Birkhölzer 2015: 4–24, emphasis by the author).

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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” (2021: 85).

Birkhölzer (2015) and, among others, Hackenberg & Empter (2011) and Birkhölzer et al. (2015) consider the movement referred to as ‘social entrepreneurship’ as a distinct movement. This also widely matches the self-image or presentation of the actors that constitute the SE field in Germany, who mainly ascribe to the English (non-translated) term ‘social entrepreneurship’ (e.g., SEND 2019; 2021b). ‘Social entrepreneurship’ is a commonly-used term among these key actors, e.g., the *Social Entrepreneurship Netzwerk Deutschland*.

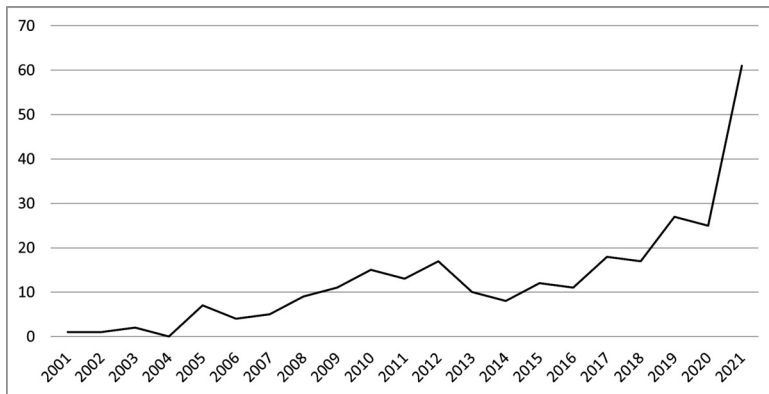
While this distinction between different social economy movements may not in all aspects seem completely stringent, it proves helpful. On the one hand, when it comes to assessing the SE field – statistically, for example – some of the defining criteria that are supposed to separate ‘social entrepreneurship’ organisations from others are hard to uphold (e.g., Christmann et al. 2021). There is, for example, no specific legal form for this social economy movement which would facilitate identifying and delineating specific organisations. However, for my research approach this is unproblematic, since I am investigating precisely the movement and the ideas that gather around the term ‘social entrepreneurship’ – not statistically, but rather conceptually – for which Birkhölzer’s (2015) identification of SE as a distinct social movement proves suitable. The following section shall then give an overview of the distinct SE field that has developed in Germany since the late 1990s until the early 2020s.

### 2.3 The Development of a Social Entrepreneurship field in Germany

This section will give a short overview of SE in Germany – mainly understood as the movement that is unfolding in Germany under the non-translated term ‘social entrepreneurship’, as explained in Section 2.2. An overview that comprises two decades can, of course, only be indicative and shall not be read as all-encompassing. In line with the international debate, for Germany, too, it is often assumed that SE is gaining importance. On the one hand, the assumption that SE is a ‘growing field’ shall be taken with great caution – as Teasdale et al. (2019) have warned about succumbing to the widespread “myth of social enterprise growth” (2019: 35). SE remains weakly institutionalised in Germany. On the other hand, increased attention for SE seems undeniable (see e.g., Halberstadt & Hölzner 2018; Sassmannshausen & Volkmann 2018) – at least in academia and in the media.

Taking newspapers as a proxy, the term ‘social entrepreneurship’ appears for the first time in the media in 1999.<sup>2</sup> Initially, the interest in SE in the German press is still very marginal: with (on average) only one article per year on SE between 1999 and 2004. Around 2005, the number of articles considerably increases to (on average) seven articles per year. Further surges can be observed in the late 2010s and early 2020s, as the following graph illustrates:

*Graph 1: Social Entrepreneurship in German Newspapers – Number of Original Articles per Year in Daily and Weekly Newspapers and News Magazines Containing the Term ‘Social Entrepreneurship’*



Source: author’s representation, based on databases WISO, FAZ archive and SZ archive – selected sources (newspapers available since 2000 or earlier)

Academic literature on SE in Europe dates back approximately to the mid-2000s, with 2006 marking an important year, seeing several important publications (Steyaert & Dey 2019). A few German(-speaking) academics, like Johanna Mair or Kai Hockerts, were involved in the debate from early on (e.g., Mair et al. 2006). First contributions on SE in German or focussing on Germany started to emerge (Achleitner et al. 2007; Faltn 2008) – and a few years later, the first edited volumes with more in-depth conceptual contributions were published, increasingly concerned with discussing the understanding of

2 ‘Social entrepreneurship’ first appears in an article from the 8th of April 1999 in *Die Zeit*, titled: ‘KAPITALISTEN DER NÄCHSTENLIEBE’.

the SE phenomenon in the German context (Jähnke et al. 2011; Hackenberg & Emptner 2011), as will be further addressed in Section 2.4. Academic publications remained closely linked to the international debate on SE. Mainly taking a European and comparative perspective, the work of the *EMES Network* was and remains significant (e.g., Defourny & Nyssens 2012; Birkhölzer et al. 2015; Göler von Ravensburg et al. 2018; 2021; Karre 2021).

Following suit, empirical studies were trying to assess and measure the SE field and to strengthen the statistical base for SE in Germany. Drawing on large existing studies on civil society, the third sector and commercial entrepreneurship, a meta-study by Scheuerle et al. (2013) tried to better estimate the SE field. Building and expanding on this was a large research project conducted by Jansen et al. (2013). A study by Unterberg et al. (2015) also aimed at better estimating the German SE field – to some extent acknowledging what Teasdale et al. (2019) have described, i.e., that the number of social enterprises is heavily dependent on definition – offering an estimate of between 1,000 and 70,000 social enterprises in Germany (2015: 74), depending on the operationalisation of different criteria such as income sources and ‘innovation’. The study by Unterberg et al. (2015) was also intended to make policy recommendations and was funded by the *German Federal Ministry for Economic Affairs and Energy (BMWi)* – which can, arguably, be seen as a signal for the growing interest for SE in policy circles, as I will discuss later in the section. The state-owned investment and development bank *Kreditanstalt für Wiederaufbau (KfW)*, too, has started to derive data on SE from the *KfW-Gründungsmonitor* (Metzger 2019), estimating that 9% of all recent entrepreneurs are now social entrepreneurs. Studies funded by the *European Commission* – closely linked to and/or conducted by members of the *EMES Network* – too, make a contribution to assessing the German SE field (Göler von Ravensburg et al. 2018), and to better understand it from a comparative and in particular European perspective (Borzaga et al. 2020). More recently, additional regional studies were commissioned – for example, Christmann et al. (2021) for Brandenburg.

Nevertheless, mapping the SE field in Germany comes with great uncertainties. As in other contexts (see Teasdale et al. 2019 for the UK), estimates depend on definition, which is – once again – dependent on normative and political assumptions. Among others, the *Social Entrepreneurship Netzwerk Deutschland e.V. (SEND)* criticises the fact that unlike most other countries, Germany lacks an official (government) definition of SE, which makes research (among

other things, such as targeted funding) difficult.<sup>3</sup> There are no official statistics that record social enterprises and that identify them as such (Maaß & Schneck 2017), which also shows that the institutionalisation of the SE field in Germany is weak. Across different studies, the number of social enterprises may range from a few hundred to more than half a million units (Maaß & Schneck 2017: 10). Drawing on other data (e.g., from the *Global Entrepreneurship Monitor*, as in Bosma et al. 2016) or via conducting original research, the mapping and measuring of the SE field continues (e.g., in projects by the *Euclid Network* or *SEFORIS*, both involving EU funding). These activities are mainly driven by organisations, which sometimes have come up with their own studies (often called ‘monitors’). This includes the *Green Startup Monitor* – and, above all, the *Deutscher Social Entrepreneurship Monitor* by *SEND*, which may be considered to combine both research as well as advocacy for SE (Hein 2021). There is occasional overlap or collaboration between the different projects – e.g., since 2020, the *Deutscher Social Entrepreneurship Monitor* by *SEND* is published under the framework of the *Euclid Network* and is in part funded by the *European Commission*.

This brings me to the next aspect of the development of SE in Germany: the most important actors involved in the SE field and the infrastructure they have established for SE in Germany. For the early phase of SE in Germany, two international actors were crucial, especially for allocating resources and creating public awareness for SE: the *Schwab Foundation for Social Entrepreneurship* and, most importantly, *Ashoka* (Rummel 2011; Zimmer & Bräuer 2014). *Ashoka*, the largest and most established fellowship organisation for SE (Nicholls 2010), opened an office in Germany in 2003. However, *Ashoka*’s promotion of SE had reached Germany even before this – as can be observed in the first news article (mentioned above) on SE in Germany (from 1999), reporting, among other things, on *Ashoka*’s international activities (A\_1).<sup>4</sup> Also in 2003, a government-funded award for social entrepreneurs (*Startsocial*) was launched. Shortly after, the *Schwab Foundation for Social Entrepreneurship* started activities in Germany, most importantly initiating the award for ‘Social Entrepreneur of the Year’ from 2005 (*Ashoka* and the *Schwab Foundation* as well as their prominent

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3 Hein (2021) has criticised this claim as politically motivated. However, Göler von Ravensburg et al. (2021) seem to agree with *SEND* that there is neither legal definition of SE nor a precise common understanding of the concept in Germany.

4 ‘A\_1’ stands for the first article in the corpus, as the chosen way of referencing the news articles that are included in the empirical analysis of this book.

role in the early SE scene will be addressed further in 2.4). The first *Vision Summit* took place in 2007 – these yearly conferences were held until 2016, organised first by the *Genesis Institute* and later by the *Grameen Creative Lab*, and currently, a successor that is also led by Peter Spiegel, the *WeQ Institute*, is planning to re-start the summits (WeQ Institute 2020). Foundations – such as the *Mercator*, the *Vodafone* or the *Bertelsmann* foundation – also became involved in SE from early on. International social investment actors, such as *BonVenture* (since 2003) or *ANANDA impact fund* (formerly ‘*Social Venture Fund*’, in Germany since 2009) also commenced activities in Germany; later, the *Finanzierungsagentur für Social Entrepreneurship* (FASE) was established (in which *Ashoka* had a key role).<sup>5</sup> However, the financing infrastructure for SE in Germany remains in its early development stages and programmes of this kind are only available for a small number of SE organisations (Zimmer & Bräuer 2014). *Phineo* – until today the leading social impact measurement consultancy – was established in 2009. Universities started to engage in research and teaching on SE (Leppert 2008; Schwarz 2014). The *Social Entrepreneurship Akademie*, a spin-off that resulted from the cooperation of different higher education institutions in Munich, was established in 2010. *Yooweedoo*, a training programme for students emerged out of the *University of Kiel* (see Wihlenda et al. 2021 for further social entrepreneurship and innovation education programmes at universities in Germany). In later years, student networks also formed around the idea of SE at German universities (including *Infinity Deutschland* and *Enactus*). The organisation *Hilfswerft*, founded in 2014, seeks to promote ‘social entrepreneurship education’ across universities in Germany.

The early 2010s also saw the founding of new support agencies for social entrepreneurship: *Social Impact* (established under this name in 2011, but with its predecessor, *IQ Consult*, operating since 1994), with several *Social Impact Labs* that provide coworking, coaching, workshops, networking and events, operating regionally (currently in Beelitz, Berlin, Bremen, Frankfurt, Hamburg, Leipzig, Munich, Potsdam and Stuttgart) (Social Impact 2022a). *Yunus Social Business* was founded in Germany in 2011. The global brand *Impact Hub* (providing ‘coworking plus’, including e.g., networking events and access to a community of other entrepreneurs etc.) also opened local ‘hubs’ in Germany: the first one in Berlin in 2013; as of June 2022, there are local ‘hubs’ in Berlin,

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5 FASE was established as a spin-off by *Ashoka*, with the support of the *Apax Foundation* and the *BMW Stiftung Herbert Quandt* (Ashoka 2013).



Essen, Stuttgart, Munich, Hamburg, Leipzig and Dresden (Impact Hub Germany 2022). Specialised information outlets such as the magazine *enorm* and the website *The Changer* (later *tbd\**) were launched.

In 2017, arguably today's leading organisation in the SE field was founded: the *Social Entrepreneurship Netzwerk Deutschland e.V. (SEND)* as a network organisation of and for social enterprises with two main aims: networking for its member organisations (social enterprises) and to lobby for SE in the political realm. It shall be noted that there is considerable overlap between *SEND* and previous SE organisations: *Ashoka*, *Impact Hub*, *Social Impact* and *tbd\** were heavily invested in founding *SEND*, and *SEND*'s first executive committee mainly consisted of leading personnel of these other organisations. Furthermore, *SEND* emerged out of the *German Startups Association (Bundesverband Deutsche Startups e.V.)*, the main lobby organisation for commercial start-ups and was initially, in part, funded by the *BMW Foundation* (current funders include: *BMW Foundation*, *Samsung*, *KfW Foundation*, *Bundesverband Deutsche Startups e.V.*, *Schöpflin Foundation*) (SEND 2021b). As said earlier, since its foundation, *SEND* has significantly contributed to the shaping of the SE field, and continues to do so. The yearly *Deutscher Social Entrepreneurship Monitor* (2018; 2019; 2020/21; 2021/22), in the initial years in part funded by *SAP*, makes an important contribution to assessing the field, to knowledge-building on SE, as well as to spreading the knowledge on SE to a wider audience. *SEND* portrays itself as the 'voice of SE' in Germany – *SEND*'s key mission is described on the website as following: *We want to live in a society in which everyone benefits from progress. That's why we connect the social entrepreneurship sector and give it a voice* (SEND 2021b). Furthermore, in 2018 (after a longer planning phase) the *Bundesinitiative Impact Investing* was launched, mainly by actors, who had been involved in the SE field before: *Bertelsmann Stiftung*, *BMW Foundation Herbert Quandt*, *Bundesverband Deutscher Stiftungen* and *Phineo* (Bundesinitiative Impact Investing 2020).

Throughout this book, I have argued that in Germany there is still very little government and policy attention or involvement with SE – at least in international comparison and especially compared to the UK. One of *SEND*'s main critiques, precisely, concerns the federal government's lack of a concise strategy for SE (SEND 2021c). Birkhölzer, too, writes that in Germany "[g]enerally speaking, public authorities (...) do not really understand the real needs and problems of social enterprises" (Birkhölzer 2015: 25). A recent comparative report by the *European Commission* supports the view that, unlike in other European countries, there is no specific policy for social enterprises in Ger-

many (Borzaga et al. 2020: 12).<sup>6</sup> More generally, in a comparative perspective, the degree of acceptance of the SE concept in Germany is classified as low. The SE concept is not commonly used, and has only a very limited role next to traditional welfare institutions (Borzaga et al. 2020: 35) – this will further be addressed in Sections 2.4 and 2.5. According to Göler von Ravensburg et al., “[t]here does not appear to be any overt party/political, church or trade-union support (...) except by individuals at a relatively low decision-making level” (2021: 93). As noted in Section 1.6, the fact that in Germany government (so far) has played a minor role in actively addressing the SE field also seems to speak against Germany representing a ‘typically European’ version or tradition of SE (separating it from the ‘US’ tradition of SE).

Despite this overall rather low support for SE, there has been some government involvement as well as policies that should be mentioned. First, the European level needs to be taken into account, from which different impulses emerged when it comes to policy directly targeted at SE. In 2011, the EU launched the *Social Business Initiative (SBI)* with the aim of improving the environment for social enterprises across Europe. According to Zimmer & Bräuer (2014), however, the *SBI*’s impact in Germany was very limited, partly due to the high administrative demand of the programme and due to little support at the national and *Bundesländer* level – which would have been crucial for the implementation of the *SBI* (Zimmer & Bräuer 2014: 15–16). Judging from the media analysis included in this book (see Chapters 3–7), it can be confirmed that the *SBI* received little public attention/reception in Germany. Currently, the EU is developing a new programme – the *EU Action Plan for Social Economy* (European Commission 2021). Its role and impact for Germany is to be seen in the future.

At federal level, there is still no concise strategy to support SE, however, a few initiatives have been launched aimed at supporting the emerging SE field, which shall briefly be mentioned. In 2011, as part of the *National Engagement Strategy* in order to foster citizen engagement, the *Bundesministerium für Familie, Senioren, Frauen und Jugend (BMFSFJ)* initiated a programme to improve financial support for social entrepreneurs in cooperation with the state-owned investment and development bank *Kreditanstalt für Wiederaufbau (KfW)* (BMFSFJ 2011). According to Zimmer & Bräuer (2014) and citing Gebauer & Ziegler (2013), the programme ran until January 2014, with no continuation or

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6 Birkhölzer (2015) and Borzaga et al. (2020) argue from a broader understanding of ‘social enterprise’, however, explicitly including ‘social entrepreneurship’.

evaluation known to the authors.<sup>7</sup> Furthermore, the mentioning of SE in the coalition agreements (*Koalitionsvertrag*) between the ruling parties of different federal governments is interpreted as a sign of growing policy support. The coalition agreement between the CDU, CSU and SPD from 2013 declares that social innovations merit support, and that these may also come from social enterprises. The coalition agreement of 2018, also between the CDU, CSU and SPD, takes up the 'social entrepreneurship' term for the first time, and is a little more daring, announcing that the federal government seeks to promote and support social entrepreneurship even more than before (CDU, CSU & SPD 2018). Cagarman et al. (2020), however, note that this general declaration by the government remains abstract (see also: Deutscher Bundestag 2019). This mentioning of 'social entrepreneurship' in the coalition agreement of 2018 was nonetheless seen as a remarkable success for SEND's lobbying work, given that this was only a few months after the organisation had been founded. The coalition agreement for 2021–2025 of the current federal government between SPD, Bündnis 90/Die Grünen and FDP is even more specific than the previous coalition agreement. In the document, the current government promises that it will elaborate a national strategy and improve the legal framework for SE, among other things (Scheper 2021). Yet, at the time of writing, specific steps and measures are still to be seen.<sup>8</sup>

Despite the lack of significant SE-tailored policy at the federal level, however, there are signals indicating that the support for SE is growing in policy circles. For example, the above-mentioned study by Unterberg et al. (2015) was commissioned by the *Federal Ministry for Economic Affairs and Energy (BMWi)* with the aim – next to better understanding SE in Germany – of making policy recommendations for better supporting SE. Zimmer & Bräuer (2014) point towards the government-funded *Startsocial* award as early as 2003 (which, however is a quite small coaching programme, instead of providing substantial funding). Gebauer & Ziegler (2013) and Zimmer & Bräuer (2014) also raise the question whether the 2000s created the basis for SE in the first place – what is

7 It is also remarkable that several years later, in an official response of the federal government to an enquiry (*Anfrage*) by the *Green Party* in the *Bundestag*, the *BMFSJ* programme is not mentioned (Deutscher Bundestag 2019).

8 When the *Green Party* made an enquiry (*Anfrage*) in the *Bundestag* to the federal government (of CDU/CSU and SPD at the time) in 2019, it responded pointing towards several policies and programmes and explaining that these are relevant for social entrepreneurs (Deutscher Bundestag 2019). However, this does not address the SE sector's demands for programmes tailored specifically to SE.

often associated with cuts in public expenditure (Birkhölzer 2015). This is an interesting perspective, positioning SE as a product of a more general neoliberal era, which will be further explored in Sections 2.4 and 2.5. In terms of specific policy developments, it should also be mentioned that, after a request (*Antrag*) of *Bündnis 90/Die Grünen*, SE was discussed in the *Bundestag* for the first time in 2018. In May 2020, the government's (CDU, CSU and SPD) proposal for better support for SE was approved in the *Bundestag*. During the same government, shortly before the election, nine ministries came together for a joint paper of a social innovation strategy (BMBF 2021). With regards to senior policy staff, two recent developments (after the 2021 elections) should be pointed out: Zarah Bruhn, a social entrepreneur (founder of *Social Bee*, a work integration social enterprise, in particular targeting refugees), well-known and connected in the German SE scene, was appointed Special Envoy for Social Innovation at the FDP-led *Federal Ministry of Education and Research* (BMBF 2022). Sven Giegold, a former MEP for *Bündnis 90/Die Grünen* was brought from Brussels into the *Federal Ministry for Economic Affairs and Climate Action* (BMWK 2021). Giegold has expertise in SE and the wider social economy field (e.g., cooperatives).

On the *Bundesländer* level, too, SE has been mentioned in different coalition agreements in different *Bundesländer*. Cagarman et al. (2020) mention, for example, the current coalition agreement in Bavaria (2018–2023) between CSU and *Freie Wähler* (CSU & *Freie Wähler* 2018) – similar to the federal coalition agreement of 2018, with a rather general promise that the government aims to better support SE. More recently, two *Bundesländer* have taken more concrete steps, launching programmes to support SE. The first is ‘*Sozialinnovator*’ in Hesse, in May 2020 (SEND 2021d). The second is ‘*SocialEconomy Berlin*’, launched in August 2020 (Social Economy Berlin 2020).<sup>9</sup> SEND is an official partner in the development as well as execution of both government-funded programmes – which demonstrates that the organisation has to a great extent successfully assumed the role as the main lobby organisation and contact for policymakers for SE. In Berlin, the state’s investment and development bank, *Investitionsbank Berlin* (IBB), opened some of its funding programmes to organisations with a non-profit legal form in 2019, in an attempt to include social enterprises. According to SEND, five *Bundesländer* are planning new programmes: Bremen, Hamburg, Saxony, Saxony-Anhalt and Schleswig-Holstein (SEND 2022a: 7).

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9 Prior to *Social Economy Berlin*, there was also a short pilot programme initiated by the Berlin Senate called *Social Innovation Capital* (SenWEB 2020).

Overall, it can be concluded that, like in other countries, in Germany a SE scene has been developing more or less over the past two decades. While one should be wary of light-hearted assumptions that SE is a growing field – an assumption that is sometimes uncritically (re-)produced by different societal actors, sometimes including academics – interest for SE seems to be increasing in different realms. This certainly includes academic research and – based on my empirical analysis, it can also be confirmed that – attention in the media is increasing (also see Chapters 3–7). Zimmer & Bräuer (2014) see a crucial moment in the Nobel prize win for Muhammad Yunus in 2006, having created awareness for SE globally, including in Germany. Hackenberg & Emptner (2011) see great potential for SE in Germany. Beckmann (2011: 71) offers an interesting and more nuanced perspective, arguing that while the development of a statistical or institutional SE field may still be a niche and in its infancy, SE (in Germany) has already gained importance in the public discourse. On the whole, this view is also shared by Grohs et al. (2016) – who remain sceptical, however, claiming that SE's potential to unfold in Germany is limited, given the specific structures of the German welfare state. This brings me to the reception of 'social entrepreneurship' that will be discussed in the next section.

## 2.4 The (Critical) Reception of the 'Social Entrepreneurship' Movement and Its Actors in Germany

In Sections 2.2 and 2.3, I have explained that under the non-translated term 'social entrepreneurship', a distinct social economy or social enterprise movement can be identified in Germany, starting in the late 1990s-early 2000s. As briefly mentioned in this chapter, many welcomed the idea of SE, including academics involved in the early debate, often from a business studies background (e.g., Achleitner et al. 2007). From this perspective, Germany's long-established social security system was seen in a (overly) statist tradition with highly institutionalized structures, and a patriarchal culture, which did not encourage the responsibility of new approaches and of private actors in the 'social' field (Leppert 2008: 10–12). A supposedly stiff 'German mindset' would, arguably, prescribe that the church and the state are in charge of 'social' issues, making it difficult for new actors entering the stage, such as social entrepreneurs (Achleitner et al. 2007: 12). More traditional public and non-profit organisational forms were often seen as bureaucratic and lacking the ability to innovate (Karre 2021). In this view, SE was seen as a welcome addition to the

German welfare mix, and these publications often advocated for improving the conditions for SE and social entrepreneurs in Germany. The rather optimistic or even euphoric take on SE – assuming that SE is *per se* positive and brings about favourable change (also see Chapter 1) – was often uncritically reproduced and sometimes found its way into academic literature, too (Balgar 2011; Leppert 2011; Heinze et al. 2011). Hackenberg & Emptner even pose the question whether SE may be considered a ‘royal road’ (“*Königsweg*” 2011: 12) for addressing social challenges, allegedly marrying the ‘best’ features of different worlds: i.e., the (resource) efficiency of the market, the public interest of the state as well as the social ethos of civil society.

Other contributions by academics and societal actors were more critical of SE. This includes most contributions from social science scholars. Here, I will develop these critical or sceptical perspectives on SE in Germany in the initial phase, when the SE term and concept started to appear (i.e., during the late 1990s and early 2000s). Not least due to the ‘new’ English term ‘social entrepreneurship’, the concept and movement was (and is) often seen as an ‘imported’ one, introduced from abroad into the German context with its specific set of institutions and actors. This can be observed, for example, in a reader’s letter, which caught my attention during the empirical research process (that will be outlined in Chapter 3). The reader is clearly bothered by the SE term, and – responding to an interview with professor Birger Priddat, in which Priddat uses the term – writes:

The interview with Birger Priddat in principle is highly informative, but some technical American terms are annoying and hard to understand, even for the educated reader. For example, what is ‘social entrepreneurship’? (...) Even more annoying than the professional arrogance of the interviewed professor is the role of the interviewer, who refrains from making the interview understandable for the reader. (A\_53\_Berliner Zeitung\_14.08.2010).<sup>10</sup>

This reader’s letter is a good example for how SE was and is often perceived as ‘foreign’, in particular ‘American’. The relationship between SE and ‘the US’ – or rather of a certain image of the US, the US as a symbol – is an interesting theme in the analysed articles and will be discussed in the empirical chapters (in particular in Chapters 4, 6 and 7).

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10 Translated from German by the author.

I argue that in order to understand the reception of SE in Germany – in particular the critical reception – the dominant role of *Ashoka* and its take on SE needs to be highlighted, as well as some features of the early version of SE (discourse) in Germany, as I will explore in the following paragraphs. As previously mentioned, the first generation of funding and support agencies, *Ashoka* in particular, played a vital role in shaping the early SE movement – arguably, introducing the term and concept, publicising it as well as inspiring media stories and academic publications on the topic (Balgar 2011; Hackenberg & Emptner 2011; Schwarz 2014). Rummel (2011: 22) goes as far as attesting these funding and support agencies interpretive authority over SE (*‘Deutungshoheit’*) at the time. To support this view, Rummel provides an insightful interview sample of Judy Korn of the *Violence Prevention Network*, who explains that she started labelling herself ‘social entrepreneur’ because of *Ashoka*:

I got this call by *Ashoka* (...) and after many years of brooding over it, I finally knew what my job was. (...) before I met *Ashoka*, labelling myself as an entrepreneur wouldn't have crossed my mind. But ultimately, that's what it is. And in this way, *Ashoka* has helped me a lot, personally, in defining my job and defining who I am (Rummel 2011: 89).

The excerpt is an example for how the SE term and concept was taken up and internalized by practitioners – demonstrating *Ashoka*'s role in spreading the SE term and idea. This goes beyond engaging in ‘tactical mimicry’ (Dey & Teasdale 2016, as mentioned in 1.6), in the sense of merely using the SE language for strategic reasons and attracting resources. The interviewee leaves no doubt that *Ashoka* has influenced her identity and (re)presentation as a ‘social entrepreneur’, suddenly calling ‘social entrepreneurship’ what she had been doing all along. Rummel goes even further, claiming that – at least for the early phase of SE in Germany – *Ashoka* has constructed and controlled the norms that apply in this (new) field, as well as access to funding, etc. (Rummel 2011: 89).

This version of SE, promoted mainly by support agencies, was taken up and reproduced in the media, and, in part, by academics. Media coverage on SE often revolved around the personal stories of individual entrepreneurs. They would often highlight ‘exceptional individuals’ and their personal trajectories, sometimes even portraying them as ‘heroes’ (Rummel 2011; Gebauer & Ziegler 2013). In this way, the early SE discourse in Germany is largely based on a Schumpeterian ideal figure of the entrepreneur, which is an important theme

in neoliberalism (as explained in 1.5, see Davies 2014a). In this perspective, only some people can become entrepreneurs, as they are 'exceptional' and 'uncommon' individuals – which establishes difference and competitiveness as essential traits of individuals. Aspects of this individualized and glorifying perspective can also be found in scholarly literature on SE, which often concentrated on individual cases or case studies (Rummel 2011; Schwarz 2014; Birkhölzer 2015). Academic research – case studies in particular – were often focused on the fellows or award winners promoted by *Ashoka* and co. – which often had the role of gatekeepers to provide access to interview partners.

In Chapter 1, it was explained in detail that, at all times, there were and there are different views on SE; it can be various different things to many different people. But for the initial phase of SE in Germany – under this specific English term – there is wide agreement that there was a dominant version of SE – the version promoted mainly by *Ashoka* and a few others such as the *Schwab Foundation* and academics mainly from business schools (Rummel 2011; Gebauer & Ziegler 2013; Schwarz 2014; Zimmer & Bräuer 2014; Birkhölzer 2015; Grohs et al. 2016). The early reception of SE in Germany, therefore, must be understood, above all, as a reception to the specific '*Ashoka*-style' version of SE. This dominant version of SE has been described, among others, with the following features: its focus on the individual entrepreneur, the over-emphasis of SE as new, innovative and changemaking, the focus on scaling and scalability and measuring success quantitatively, as well as a link to elites, etc. (Rummel 2011; Birkhölzer 2015; Voß 2015). The link to (business) elites is, perhaps, the most explicit in the *Schwab Foundation for Social Entrepreneurship*, founded and named after management scholar Klaus Schwab, who is also the initiator of the *World Economic Forum* (formerly *European Management Forum*) that unites high-profile decision makers in Davos, Switzerland every year. The *World Economic Forum* is also seen as a driving force of the idea of competitiveness around the world – and in particular promoting competitiveness between nations, on the basis of their 'productivity' (Davies 2014a).

The strong focus on the individual social entrepreneur as the central agent of SE is a main point of critique (e.g., Rummel 2011; Birkhölzer 2015; Grohs et al. 2016). This person-centricity is somewhat inherent to some of the practices of the early support agencies. *Ashoka* and *BonVenture*, for example, fund individuals (and not organisations, projects or enterprises) through personal fellowships. They identify and select their fellows through competitions or awards, which, arguably, contributes to an individualized understanding of SE. In addition, this award culture around SE placed the focus on only a few



key figures ('social entrepreneurs') and their ventures – usually those holding awards or fellowships by *Ashoka* and co. Combined with the 'changemaking' narrative around SE, this created a stylised image of a few selected individuals as being 'exceptional' or even as being 'heroes', who have outstanding abilities and personality traits. *Ashoka* and co. actively promoted the narrative of SE as 'new', 'innovative', 'different', or 'changemaking' phenomenon (see also Chapter 1); *Ashoka Germany* brands itself 'home of changemakers' (*Ashoka 2020*) – with their protégées and allies being these innovative 'changemakers'. While *Ashoka* hardly ever specifies what sort of 'change' they are referring to, it is clear that an inherent assumption is that SE *per se* brings about positive change for society – similar to the assumption that 'social' means 'for the good of society', as was explained in Chapter 1. Birkhölzer (2015: 23), too, criticises the SE scene for overly relying on concepts like 'social mission' or 'social innovation', which are quite vague. As argued in Chapter 1, this is a valid argument, given that 'social' is a normative category and, therefore, very flexible.

The question whether or not SE can or should be seen as a 'new' phenomenon was also contested. Different contributions pointed towards initiatives across history seeking to join a social mission with economic activity, e.g., cooperatives that emerged during the industrial revolution (e.g., Beckmann 2011; Rummel 2011). As I have argued in 2.2, the term 'social entrepreneurship', however, was new at the time and can be situated within a specific time period and be linked to specific actors. Some also pointed towards 'new' aspects or methods, e.g., specific strategies and support structures, language and practices like the focus on scaling/ scalability, or (maximizing) social impact (Rummel 2011).

This aspect of measuring the success (also quantitatively) as well as the focus on 'scale' and 'scalability' has also been described as a feature of SE, and sometimes criticised (Rummel 2011). The promoters of SE in the early years often claimed that the 'change' created by social entrepreneurs is (or should be) not only qualitatively 'innovative', but also quantitatively relevant. In fact, some definitions of SE include 'scalability' or some sort of quantitative 'impact' or 'social impact' as a defining characteristic of SE (see overview in Dacin et al. 2010). SE should provide ideas that can be replicated. This 'social impact' is regarded as something that can be assessed and that, therefore, is quantifiable and scalable. This came, again, with new language, terms and concepts – and also tools, e.g., for impact measurement, such as social accounting or the *Social Return on Investment*.

Another point of critique concerns the network and ties of the support agencies, in particular their links to elites. The *Schwab Foundation* (perhaps, the most explicit case) was already mentioned above, but other SE support agencies, too, seem rather close to the corporate world and to (US) philanthropy and rich donors (Birkhölzer 2018: 37). Voß (2015) highlights the links of SE support agencies like *Ashoka* and others to large corporations or to conservative foundations and consultancies, such as *McKinsey*, *Adenauer Stiftung* or *Bertelsmann Stiftung*, both in Germany and globally. Voß (2015: 69–70) criticises the support and funding of SE by global elites, foundations and multinational companies. The SE actors are often considered to be (too) close to business or to be (too) business-like or profit-driven themselves. According to Karre (2021), this critique often comes from traditional third-sector actors that view the new SE actors as competition and as a way of commercialising social-welfare provision, or even as a means for ‘social-washing’ business activities. Voß (2015) also draws on criticism against the microcredit movement, which is closely connected to the concept of SE. Feeding into this critique is the fact that different SE actors were not afraid of engaging in partnerships with (big) commercial companies (e.g., the Yunus-Danone-partnership). Arguably, it added to the perception of SE as business-like or being tied to the business world that most of the academics who first engaged with SE in Germany were business scholars, who were also quite optimistic about SE (e.g., Mair et al. 2006 or Achleitner 2007).

Voß (2015) also raises questions of inclusivity here. Based on observations during a prominent SE event, the *Vision Summit* of 2015, Voß remarks that social entrepreneurs often speak of ‘we’ and ‘us’ – creating a bond, a feeling of belonging, togetherness, inclusion. Sceptically, though, Voß asks: who is meant by *us*, who is included, and who is not? Who gets to participate in social entrepreneurship? There are a few indications that suggest that the SE movement might be somewhat elitist. The SE scene certainly seems very middle-class, attracting the highly educated with university degrees. English is quite ubiquitous in the scene, often being the main language at meetings, events, summits, etc. – it seems somewhat expected that everybody speaks near-perfect English or is able to nonchalantly switch between German and English. In a (non-representative) study, Jansen (2013), indeed, found that over 80% of social entrepreneurs surveyed were degree-educated and over 11% held a PhD – much higher percentages than the average population (Jansen 2013: 27). Possibly, the critique of the English term ‘social entrepreneurship’ (as was also addressed above, with the illustrative reader’s letter) and of the international ori-

entation of the SE – being strongly associated with internationally operating (US-led) foundations and support agencies as well as with Muhammad Yunus and the microcredit movement – may, arguably, open doors for elements of anti-Americanism, anti-globalism and xenophobia and should be taken with caution. However, legitimate questions about inclusivity and recognition of the specific local context remain unanswered.

Heinze et al. (2013), Birkhölzer (2015) and Grohs et al. (2016) are some of the few that have focused on the relationship between SE and the specifics of the German context. According to Heinze et al. (2013), the relevance of SE in Germany is (and will be) rather limited. They argue that too little attention is given to fact that SE was coined mostly in developing countries (e.g., by Yunus in Bangladesh), in an environment with a different (often weaker) welfare infrastructure. In Germany, with a (comparatively) extensive welfare state and social security provision, therefore, SE remains marginal (also see Grohs et al. 2016). To some extent, Birkhölzer (2015; 2016) offers a similar view, being somewhat sceptical about the importance that SE would have in Germany, relativizing the very euphoric voices of others (see above).

When it comes to the German welfare context, other, more established, actors in the social field need to be mentioned, in particular the large welfare associations (*Wohlfahrtsverbände*), which were rather critical of the emerging SE movement and actors.<sup>11</sup> As Birkhölzer (2015) and Birkhölzer et al. (2015) have explained, there is a long-standing tradition of social enterprise or social economy movements in Germany (see the typology of 13 models introduced above), of which the *Wohlfahrtsverbände* today remain the most important and powerful (Achleitner et al. 2007; Schneiders 2020). To some extent, the *Wohlfahrtsverbände* felt threatened by the emerging SE actors and their narratives, because they were portraying them as the ‘dinosaurs’ of the social sector, i.e., as being static and lacking innovation. This is understandable, given the rhetoric of the SE actors, presenting SE as a ‘new solution’ to social challenges, one that is ‘better’ to the approaches that have been applied so far. This presentation as ‘the new and better way of doing things’ comes with a certain form of ‘othering’

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11 There are six large welfare associations in Germany: *Caritas*, *Diakonie*, *Paritätischer Wohlfahrtsverband*, *Rotes Kreuz*, *Arbeiterwohlfahrt*, *Zentralwohlfahrtsstelle der Juden in Deutschland*, which also have a shared lobbying organization: the *Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege* (BAGFW). Some of the welfare associations are, indeed, major corporations, *Caritas*, for example, employs over 600,000 people (Caritas 2020).

(also see Chapter 1), in which existing actors or practices are presented as the ‘ineffective other’: the ‘old way of doing things that did not work’. Naturally, the actors depicted as such would not be very thrilled about this representation. Birkhölzer et al. (2015) explain that the welfare associations (*Wohlfahrtsverbände*) have

warned against a debate on ‘social innovation’ and ‘social entrepreneurship’ with too close a relationship to cost efficiency, and advised to rather concentrate on high quality, good access and affordability of social services as well as inclusion of voluntarism and existing welfare organizations (Birkhölzer et al. 2015: 10, citing Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege (BAGWF)).

Furthermore, Birkhölzer (2015: 23) highlights that for the *Ashoka*-style SE, the role and the distribution of profits is unclear and the movement disregards participatory governance (Birkhölzer 2015: 23). This line of critique is, of course, strongly linked to the *EMES* perspective on SE – sometimes differentiating between an ‘American’-style social entrepreneurship and a ‘European’ style of social enterprise (e.g., Hulgard 2010; Defourny & Nyssens 2010, as discussed in Chapter 1). This perspective upholds that SE should include a ‘governance’ dimension, acknowledging ideas of democratic organisation, participation, ownership, decision-making, etc. as important and necessary features for organisations pursuing social goals. There is, arguably, also an overlap between academics in the *EMES* tradition and practitioners of the third sector and social enterprise or economy movements (using Birkhölzer’s (2015) terms) – some academics often being linked to these, e.g., in Germany the *Wohlfahrtsverbände*.

All in all, there was considerable criticism of the early and dominant version of SE in Germany – that was promoted mainly by *Ashoka* and a few others – in particular by representatives of the third sector and ‘older’ social economy movements and by academics related to these. Birkhölzer, nonetheless, attempts a slight differentiation that suggests that social entrepreneurs in Germany do not compose a homogeneous movement, with ‘some of them’ differing from the dominant version of SE:

Most of them seem to be based on the concept of (US-American) philanthropic entrepreneurship, with a strong focus on market activities, independence from the state, and co-operation with the traditional corporate sector;

they also try to attract private investment by adopting a more market-oriented language and attitude. Some of them seem to be real 'hybrids' combining for-private-profit and not-for-private-profit logics (Birkhölzer 2015: 22).

This recalls the empirical studies mentioned in Chapter 1 (for other contexts, mostly for the UK), such as Parkinson & Howorth (2008), Teasdale (2012) or Dey & Teasdale (2016), who have pointed to different goals around SE between government and SE practitioners, or Kay et al. (2016), who write about different 'camps' of SE. Birkhölzer (2015) points to a certain diversity of the SE movement in Germany here, stressing that there may be different groups of SE practitioners – a fact, which often seems ignored in the early critique of the SE movement. This critique of the critique will be further explored in the concluding section to this chapter (2.6). First, however, the more general political and socio-economic environment of Germany of the time when SE emerged needs to be addressed, since I argue that part of the critique of the SE movement is related to wider political developments and the socio-economic context in general.

## 2.5 The Political and Socio-Economic Context in Germany During the Emergence of Social Entrepreneurship

The political and socio-economic context of the time, especially during the time of the emergence of SE in Germany, and how it relates to (or has been related to) SE is crucial for understanding the SE discourse in Germany. In addition, I have argued in 2.4 that the political and socio-economic context is important for better understanding the critique that the early SE movement received in Germany, in particular from a social science perspective and by actors related to the third sector and the social economy tradition. Of course, covering the political and socio-economic history of a country over several years in only one section is a near impossible task. I shall focus only on a few key aspects of the political and socio-economic context in Germany of the late 1990s and early 2000s, which have particular relevance for SE – and for understanding the critique of SE. More specifically, this includes aspects that have previously been raised in literature discussing SE, as well as aspects that are relevant to the newspaper articles that have been analysed in the empirical part of this book (see Chapters 3–7), in particular a few characteristics of the German welfare state and the *Agenda 2010*, the largest labour and social security reform in Ger-

many in recent history. The SE movement in Germany was introduced in this political and socio-economic context, which is why its reception needs to be understood against this background. I focus here on the late 1990s and early 2000s.

First, concerning the socio-economic and institutional context, relying on Esping-Andersen's (1990) typology of *welfare capitalism*, Grohs et al. (2016: 2571) describe Germany as: "the paradigmatic case of a 'conservative welfare state regime' (...), the provision of social welfare in Germany takes place within deeply rooted traditions of corporatist governance." The *Wohlfahrtsverbände*, mentioned in 2.4, have a central role in the German welfare system, providing the lion's share of social services in Germany; their position is, in part, secured by law, by the so-called 'subsidiarity principle' (Grohs et al. 2016). Göler von Ravensburg et al. explain: "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*)" (2021: 94). Since the 1990s, however, reforms have been introduced, opening some areas of welfare provision and institutions to private actors (including for-profit companies) and market-based instruments. In addition, new services that were developed during this time – against the background of demographic change, mainly in the area of care for the elderly – from the start were more often market-based and today are vastly shaped by (for-profit) private actors – much more so than other areas of welfare provision (e.g., child and youth care). Grohs et al. (2016: 2578) summarise: "welfare legislation (social care act 1995; social assistance act 1993; child and youth care act 1996), formally abandoned the old corporatist model of welfare production". However, they argue, that *de facto* the changes in the production and provision of welfare remain moderate, a view that they base on the fact that "the so-called *freigemeinnützigen* (non-profit) organizations continue to provide the majority of social services in Germany" (Grohs et al. 2016: 2578), despite tendencies towards privatization and marketization. Due to the 'closed' networks and corporate arrangements formed by the established actors, it remains extremely hard for new, private actors to enter these 'markets' (Grohs et al. 2016: 2579) – which is also an argument that the authors put forward for assuming that SE will not gain much relevance in Germany in the near future.

Nonetheless, Grohs et al. also acknowledge that "the porosity of these corporatist structures has increased over recent years" (2016: 2579). Others go much further, claiming that the German welfare state – and a few sectors

and organisations in particular, such as hospitals – underwent a significant transformation. Beyond the newly created or opened markets, this includes the introduction of managerial tools and logics (following the idea of *New Public Management*) into *Wohlfahrtsverbände* and other organisations in the social field (Bode & Vogd 2016; Betzelt 2019; Bode & Turba 2022; Fehmel & Betzelt 2022). These analyses of the German welfare system turning towards neoliberalism thus, is also in accordance with Davies' (2014a; 2014b; 2017) understanding of neoliberal principles, as described in Chapter 1. Neoliberalism does not necessarily imply the creation of markets as such. While markets were established or strengthened in a few fields (as noted above), more importantly, the organising principles of competitiveness and economic calculation spread into many areas of the German welfare system and its institutions and organisations (Bode & Vogd 2016; Betzelt 2019; Bode & Turba 2022; Fehmel & Betzelt 2022).

This more general political environment of neoliberal reform, globally and in Germany, must be considered for an understanding of the time in which SE emerged (or was introduced) in Germany – and for understanding the reception and critique of the SE term and phenomenon and its actors (Section 2.4). As explained in Chapter 1, neoliberalism was on the rise around the globe since the late 1970s, for example, through marketisation and liberalisation trends, a stronger focus on individual responsibility and entrepreneurialism. Grohs et al., too, note that “[t]he social entrepreneurship discourse in Germany has become more prominent at a time when the deeply rooted corporatist traditions of social provision have come under pressure for marketization” (2016: 2569). Often, the emergence of SE during this period is directly linked to neoliberal developments. For example, Birkhölzer (2015), citing Jähnke et al. (2011), explains the rise of SE as a result of ongoing cuts in public expenditure:

the ongoing cuts in public expenditure gave rise to new philanthropic initiatives, and especially to a boom in the setting up of new foundations, funding initiatives and social sponsoring — and to the appearance of another model, during the last decade, under the headings of ‘social entrepreneurship’ and ‘social businesses’ (Birkhölzer 2015: 22).

As demonstrated in this quote thus, the SE movement or the emergence of SE was often seen as embedded in – or at least connected to – these wider developments under neoliberalism.

I argue that, to a large extent, this may also explain the critique and the very sceptical or even dismissive view of the (early) SE movement (by certain actors and perspectives) that was summarised in Section 2.4. The critique of SE (as summarised in Section 2.4) is voiced against the background of global developments of the specific historical, political and socio-economic era, that is global neoliberalism. Steyaert & Dey, too, describe that “social entrepreneurship (...) is a product of its time” (Steyaert & Dey 2019: 4). SE is an approach that matches this *zeitgeist*, as Steyaert & Dey explain:

The introduction of social entrepreneurship into the academic canon signified a utopian spot in time, a moment of seemingly unbound possibility. Emerging already onto the scene in the 1980s, social entrepreneurship coincided with hot debates about the environment, migration, food safety, global warming, poverty and social exclusion. During that period, when the welfare state model was increasingly falling out of favour, and when the public sphere was no longer seen as a reliable force of either societal production or protection, people turned toward social entrepreneurship as a market-based form of organizing with primarily social/economic objectives (Steyaert & Dey 2019: 3–4).

Similarly, Dart sees SE linked to an environment of the “decline of the welfare-state ideology (...) and (...) pervasive faith in market and business-based approaches and solutions” (Dart 2004: 418). In this environment, “government-dependent social welfare organizations are considered less legitimate than initiatives that followed a more businesslike model framed as entrepreneurial generating revenue” (Dart 2004: 419). SE emerged during neoliberalism and is, therefore, part of neoliberalism – so the argument goes. In addition, SE itself has, or promotes, elements of the neoliberal society, as I have explained in Section 1.5 (A ‘Systemic’ Perspective: Social Entrepreneurship in Relationship to Neoliberalism). Beyond the global perspective, this applies to the national context and to the political and socio-economic developments of Germany at the time, where pressures for marketization intensified since the end of the 1990s (Grohs et al. 2016, Fehmel & Betzelt 2022).

In this light, another crucial momentum and set of events must be mentioned here: the labour and social security reforms in Germany under the Schröder governments.<sup>12</sup> In the late 1990s and early 2000s, Germany was

12 From 1998 to 2002, a coalition by the SPD and the Green Party formed the federal government in Germany, led by Gerhard Schröder. In 2002, Schröder's government (sup-



struggling with low growth rates and, above all, with high unemployment, rising during this time period from an already high 9.2 percent in 1998 to 11.1 percent in 2005 (Dustmann et al. 2014: 167). The shortcomings of the economy were mainly attributed to the general policy framework. As Schelkle (2007) explains, there was a broad consensus among economists of very different theoretical schools (e.g., including ‘mainstream’ neo-classical and post-Keynesian scholars) that the German economy was in a bad state and “that bad policies are to blame” (2007: 167).

In the late 1990s, the view that the German labour and social security laws needed reform was shared by large parts of the German society and international commentators alike. In international comparison, Germany was regarded as particularly hesitant and even ‘unable’ to conduct reform, due to a lack of political will and courage to undergo the necessary change (Heinze 1998; Hassel & Schiller 2010: 17). The majority public view prevailed that the high level of labour costs and excessive social benefits posed a problem; the economy was sometimes described as ‘encrusted’ (Zimmermann 2013; Seibring 2019) – and that it needed to be freed from these ‘encrusted’ structures and the ties of the welfare state in favour of more ‘flexible’ labour market and social security structures. A vivid image for this *zeitgeist* was provided by the British *Economist*, declaring Germany to be the ‘sick man’ of Europe (Dustmann et al. 2014; Spohr 2019). This image was then enthusiastically taken up by parts of the public, politicians and the media in Germany, in particular the powerful tabloid *BILD* (Butterwegge 2007; 2015). The imagery and rhetoric of the time was quite strong, calling to overcome Germany’s ‘*Reformstau*’ [reform backlog] (Butterwegge 2007: 173), and facilitated justifying the labour and social security reforms that were about to come. An illustrative example for this *zeitgeist* – and different actors jumping onto the bandwagon of portraying Germany as a failing country – is the story about so-called *Florida Rolf*. In August 2003, *BILD* introduced a week-long cover story about this person (*Florida Rolf*) – a German native, who was living in a house at the beach in the Miami area with benefits from the German social security system. The case of *Florida Rolf* should reveal the apparently bizarre state of the German welfare system and became a symbol for benefit abuse and ‘parasitism’. Even though *Florida Rolf* was a marginal phenomenon, as other media outlets (e.g., *Der Spiegel* 2004)

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ported by the same coalition) was able to enter a second term – until 2005, when Angela Merkel came into power as the leader of a coalition between the CDU/CSU and SPD.

were able to show, it was just what the Schröder government needed to launch the *Agenda 2010*.

High unemployment and public opinion thus, created both the pressure and the conditions for reform of the labour market and social security when Schröder came into power. The reform framework – under the name *Agenda 2010* – was introduced during the two governments headed by Gerhard Schröder: a coalition by the *Sozialdemokratische Partei Deutschlands* (SPD) and *Bündnis 90/Die Grünen* (first term: 1998–2002, second term: 2002–2005). In many ways, the Schröder era can be compared to Blair's *New Labour* in the UK. Schröder and parts of his cabinet were sympathetic to *New Labour's* approach of the 'Third Way'. In 1999, Schröder and Blair published the joint Blair-Schröder paper on *The Way Forward for Europe's Social Democrats*. According to Schweiger, the Schröder's coalition was "substantially influenced by New Labour's 'Third Way' approach" (2010: 246). He further explains that the Schröder government, especially in the second term, harnessed the political climate for welfare reforms – labour reform in particular:

In the case of New Labour and the SPD the political consensus (...) occurred during a limited period, at a time when New Labour's Third Way approach was able to successfully promote itself as the best practice model for economic growth and job creation in the EU on the basis of the stable post-1997 boom. This allowed Schröder to use the 2002 unemployment crisis to push through his own preference for the Third Way's 'welfare to work' approach by using expert advice which promoted the introduction of the principle into the German employment system (Schweiger, 2010: 246).

The reforms of the *Agenda 2010* thus, had the aim to re-shape labour (promotion) and social policy, strengthening the principles of 'activation', individual responsibility and 'welfare to work'. An expert commission, headed by Peter Hartz was invoked, which should work out the roadmap to reforming the German model. In the commission's proposals, the central aim was declared as restructuring labour promotion policy according to the idea of activating labour policy (Hartz et al. 2002: 19). The reform programme *Agenda 2010* was introduced in 2003, with '*Hartz IV*'<sup>13</sup>, the reform of unemployment benefits and social assistance, that is often considered as the 'heart piece' (Hassel & Schiller

13 *Hartz IV* is the popular term for this policy, named after Peter Hartz, the chairman of the commission in charge of designing the reforms, *Hartz IV* being the fourth in a set of policies targeting labour market and social policy reform.

2010: 13) of the reform agenda in 2005. According to Hassel & Schiller (2010), this has changed Germany more fundamentally than any other reform in recent decades. *Hartz IV* has become the epitome of an unprecedented level of economic liberalization, but also of social cuts and fear of social decline in large parts of society, not only among the poorest strata but also and especially in the middle classes. Betzelt (2019) notes that the ‘workfare’ idea of *Hartz IV* represents a significant rupture in the German social security model under neoliberalism, shifting from a rights-based, emancipatory approach towards a more authoritarian approach (in the sense of demanding more from social service users and seeking to influence their behaviour under the threat of sanctions). Schweiger adds:

The resulting *Agenda 2010* reform programme, in particular the substantial reduction of financial support for the unemployed under the *Hartz IV* labour market reforms reflected the principles which the Blair-Schröder paper had originally set out (...). Schröder himself explicitly conceded this in his political memoirs in 2006 (...). The incorporation of core principles of the Blair-Schröder paper into the red-green coalition’s 2002 *Agenda 2010* was a manifestation of Schröder’s deep-seated sympathies for *New Labour’s* ‘Third Way’ economic approach, especially the essential welfare-to-work principle (Schweiger 2010: 246).

Entrepreneurialism as a virtue and the ideal figure of the entrepreneur also had an important role in these reforms. Entrepreneurship and ‘entrepreneurial spirit’ were seen as important elements towards greater ‘flexibility’ of the labour market, which had become a political goal (see above). Entrepreneurship became a value as such, and different societal actors were now expected to act in an ‘entrepreneurial’ way – including the job agents in the newly established ‘job centres’ (Hartz et al. 2002). This saviour image of entrepreneurship also became enshrined in policy with the so-called ‘*Ich-AGs*’ (‘Me Inc.’), a programme introduced during the earlier *Hartz* reforms (*Hartz II*) to encourage unemployed people to start their own businesses (Dörre 2011; Butterwegge 2015; Spohr 2019; Betzelt 2019).

Among others, for Zimmer & Bräuer (2014), these developments during the period of the late 1990s and early 2000s in Germany meant a favourable environment for SE – as testament to this, they bring the example that “chancellor Schröder supported by *McKinsey* and the *ProSieben Sat1 Media AG* founded the *startsocial* competition with which they awarded and supported emerging

social entrepreneurs” (2014: 18) – the patronage of the competition was later taken up by chancellor Merkel. However, given the lack of SE-specific policy in Germany overall (as explained in Section 2.3), this seems a bit of an overstatement. Nonetheless, I argue that the critique of the early-style SE in Germany was propelled by the more general political and socio-economic context. The context of neoliberal labour and social security reform may to some extent explain why SE, too, which emerged during this time, was seen as a neoliberal phenomenon by most social science, third sector and social economy academics and actors.

## 2.6 Social Entrepreneurship in Germany: Once a Neoliberal Movement, always a Neoliberal Movement?

This chapter has demonstrated that under the non-translated term ‘social entrepreneurship’ a distinct movement can be identified in Germany, which has developed from the late 1990s and early 2000s, with its own set of actors and infrastructure. Judging from growing interest in academic publications and the media, this ‘social entrepreneurship’ term and movement is gaining popularity; while there have been occasional and rather timid attempts of policy support for SE before, it is only in the early 2020s that SE-specific policies are being increasingly discussed and developed. Furthermore, it has been noted that the early SE movement revolved mainly around *Ashoka* and a few other actors, such as the *Schwab Foundation* – and consequently has been interpreted mainly as an ‘American’ version of SE, and centred around the individual ‘hero’ entrepreneur. While this specific type of SE was applauded by some actors, who considered SE a welcome and ‘changemaking’ addition to the ‘stiff’ German context of welfare provision, commentators from social science perspectives, including practitioners and academics of third sector or social economy circles were quite sceptical or even dismissive of SE. A widespread view was or is that SE is linked to neoliberalism, being part of or promoting marketisation and liberalisation trends and a stronger focus on individual responsibility and entrepreneurialism. However, some offer a more ambivalent view, suggesting that the SE field and its actors are diverse and that – even in the early phase – the SE movement is, perhaps, less homogeneous than sometimes assumed. Birkhölzer (2015), for example, loosely hints that there might be different ‘camps’ in the SE movement.

Little has been written, however, about the heterogeneity of the German SE movement. Arguably, the literature that suggests that SE is (part of) a neoliberalization of the welfare state starting in the early 2000s that mainly come from a third sector and nonprofit studies perspective to some extent seem to disregard the diversity of the SE field. Some SE ventures, indeed, are active in the traditional areas of welfare provision, but others are not – including, for example, some of the most prominent members of *SEND*, such as *Ecosia*, a search engine provider that uses its revenues to plant trees, and competes with companies such as *Google* and not with institutions of the welfare state. Yet, the debate in academic literature almost exclusively revolves around SE and the welfare state and rarely about SE and the (capitalist) economy and (commercial) businesses. Perhaps, there is a tendency to try to explain niche phenomena – such as SE – as part of more general developments (i.e., neoliberalization), at the risk that this might overshadow some of the nuances of these phenomena. From a feminist perspective, McRobbie et al. (2019: 137, relying on the work of Kern & McLean 2017) have raised an interesting point here. They observe that some forms of women's self-employment and entrepreneurship may be interpreted as

local practices which interrupt the 'juggernaut' narratives of neoliberalisation processes associated with male leftist figures such as David Harvey and Jamie Peck (...). This would be to suggest, paradoxically, forms of female-led social entrepreneurship as radical urban intervention (McRobbie et al. 2019: 137).

While the authors propose that the word 'entrepreneurship' might need to be replaced with "the idea of the making of livelihoods reconcilable with social care obligations" (ibid.), they argue that these practices could then "be seen as part of a spectrum of neighbourhood and community economic activities which might also dovetail into other forms of local commitments and activism" (ibid.). Focussing on individuals, Bandinelli (2017) offers a similar argument against prematurely classifying SE as a neoliberal movement (or as part of wider neoliberal developments). Highlighting the ambiguous nature of SE, Bandinelli argues that it is worth exploring what is going on at different levels, beneath the neoliberal framework:

[S]ocial entrepreneurs (...) could be seen as eloquent expressions of a neoliberal world vision that wants the social sphere to be subjugated to the laws of

the market. (...) But to dismiss the will and desire of social entrepreneurs as merely ideological could prevent us from reaching a deeper understanding of the phenomenon, ultimately leading to the tautological argument that neoliberal subjects act in a neoliberal way (Bandinelli 2017: 13).

Among others, Birkhölzer (2015), Bandinelli (2017) and McRobbie et al. (2019) thus, propose to take a closer look at the complex social and political phenomenon that is SE. Furthermore, there is a temporal dimension that must be taken into account here. I argue that little is known about SE as a political phenomenon and movement beyond the early phase, in which it has emerged or has been introduced in Germany (i.e., the late 1990s and early 2000s). The critical literature widely categorises the origins of SE as neoliberal – and there are many and good reasons for this, as I have explained throughout this chapter. However, the early phase might have shaped the impression and interpretation of SE in Germany a little too much, enshrining a certain (static) view of SE that risks ignoring (potential) developments in the SE movement that might have occurred later on. Yet, given the dynamic and ambiguous nature of the SE concept (see Chapter 1), it can be assumed that contestations and developments have been taking place.

Several observations support this view, hinting at developments in the SE discourse and movement since the late 1990s and early 2000s. As explained in Section 2.3, new actors have emerged in the SE field. By the late 2010s, *Ashoka* seems to have been replaced by *SEND* as the main organisation promoting SE in Germany (see Section 2.3). As *Ashoka* and other players (such as the *Schwab Foundation*) have lost their exceptionally dominant position in the SE field and discourse, it seems likely that the ‘*Ashoka*-style’ version of SE that prevails in the initial phase in Germany has also lost ground to other versions and discourses of SE. Another interesting aspect is that the understanding of SE promoted by *SEND* is different, and more rooted in what is often described as the ‘European’ SE tradition. More precisely, *SEND*’s definition of SE includes a ‘governance’ dimension, i.e., elements of participatory governance, decision-making, accountability, etc. (as seen in Section 1.3). Before developing its own definition in 2019 – in an attempt to provide a definition that is tailored to the German SE scene and in particular to *SEND*’s members – *SEND* relied on the *European Commission’s* (2014) definition for ‘social enterprise’, which in turn was strongly influenced by leading *EMES* researchers. Another observation worth mentioning is the ‘Social Economy Berlin’ programme funded by the Berlin Senate (see 1.3) – which obviously seeks to establish a link to the ‘social economy’ concept

and tradition and includes actors of different 'generations' of social economy or social enterprise movements. Indeed, the programme is jointly executed by *SEND* and *TechNet*, a network and support organisation for the social economy that has been active since the 1980s. Karl Birkhölzer, who is also an important academic contributor to the third sector and the social economy and whose work I am considerably relying on in this chapter, is one of the founders of the organisation. *TechNet* is currently headed by Karl's daughter, Heike Birkhölzer (TechNet 2022).

These are only some observational examples indicating that multi-layered constructions and contestations of the meaning(s) of SE have been at play – and that, indeed, the German SE movement demonstrates 'conceptual confusion' and that it cannot be easily explained as a neoliberal phenomenon. The reviewed academic literature in Chapter 1 has also highlighted the ambiguous and dynamic nature of the SE concept. However, empirical studies targeted at the development of the SE phenomenon and movement in Germany, so far, are missing. Somewhat paradoxically, as the SE movement is gaining importance in Germany, (too) little attention is given to the (normative and political) contestations of meanings of and around SE. (Potential) developments of the SE concept and movement beyond the early phase of the late 1990s and early 2000s seem to occur widely unnoticed in academic research – or at least widely uncommented. I can only speculate on the reasons for this research gap. Perhaps, one factor may be that there are only few contributions from social science scholars, and that most research on SE (in Germany and internationally) currently comes from a business and management perspective – which does not primarily focus on this sort of questions around the normative and political contestations around SE. International research – such as the studies by Parkinson & Howorth (2008) or Teasdale (2012) for the UK – provide interesting findings and an analytical framework, but can only be of limited help to understand the detailed development of SE in Germany, as it is essential that SE is examined and understood according to and in relationship with the respective context (see 1.6). In addition, these earlier studies are not able to cover developments during the 2010s.

This is where this book makes a substantial contribution. The empirical analysis contributes to a better sociological making sense of the SE concept and phenomenon for the specific context of Germany (1999–2021) – and, in particular, help to better understand the concept of SE in Germany beyond the early phase. The following chapter (3) will explain how discourse analysis offers a way to analyse the normative and political constructions of SE, allowing

to bridge the different levels where the meanings of SE are produced and contested as well as to analyse (potential) developments in the SE discourse(s) over time and then outline my methodological approach and empirical operationalization more specifically as well as to reflect on the choice of data (newspaper articles) and its implications.