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The Environment of Social Entrepreneurship in Germany – the Case of the Social Enterprise “Chancenwerk e.V.”

Obstacles, Chances and Strategies

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Declaration

I declare on oath that I authored the following paper independently and without assistance and that I only used the resources indicated in the paper. All extracts that have been copied from publications analogously or literally are marked as such.

Christina Grabbe

Münster, 22th October 2015

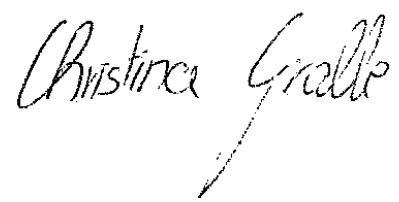
A handwritten signature in black ink that reads "Christina Grabbe". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Table of Contents

Declaration	II
Table of Contents	III
List of Figures	V
List of Tables	V
Acronyms.....	VI
Abstract	VII
1 Introduction	1
2 Theoretical and Empirical Background	4
2.1 Definition of Social Entrepreneurship	4
2.2 The Environment of Social Entrepreneurship in Germany	6
2.2.1 The Welfare State	6
2.2.2 Political Elites.....	7
2.2.3 The Financial Environment.....	10
2.2.4 Other Organizations Supporting SEs.....	12
2.2.5 The Policy Field of Education	13
2.3 Interim Conclusion.....	15
3 Research Methodology	16
3.1 Research Design: Case Study	16
3.2 Case Selection	17
3.3 Data Collection	18
3.4 The Technique of the Expert Interview.....	18
3.5 The Method of the Organizational Analysis.....	19
4 Organizational Analysis	22
4.1 The Organization.....	22
4.1.1 Mission and Services.....	22
4.1.2 History and Impact Development.....	24
4.1.3 Legal Form and Organizational Structure.....	25
4.1.4 Personnel.....	25

4.1.5	The Social Entrepreneur.....	26
4.1.6	Financing.....	27
4.2	The Environment.....	30
4.2.1	Geographical Peculiarities.....	30
4.2.2	The German Welfare State Set-up: Competing organizations.....	31
4.2.3	The Relevant Political Ecosystem.....	34
4.2.4	Supporting and Partner Organizations.....	36
4.3	Obstacles, Chances and Strategies.....	39
4.3.1	Obstacles.....	39
4.3.2	Chances.....	42
4.3.3	Strategies.....	44
5	Conclusions and Outlook.....	45
6	Bibliography.....	49
7	Interviews.....	59
	Appendix.....	60

List of Figures

Figure 1: Model of Organizational Analysis

Figure 2: Children reached in schools between 2004 – 2015.

Figure 3: Amount of cooperating schools and cities between 2004 – 2015.

Figure 4: Sources of approximate revenues of Chancenwerk in 2015.

List of Tables

Table 1: Core elements for organizational analysis.

Acronyms

Art.	Article
BMFSFJ	Bundesministerium für Familie, Senioren, Frauen und Jugend
cf.	confer
CSR	Corporate Social Responasibility
EFESEIIS	Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies (research project)
ESF	European Social Fund
et. al.	et alii (and others)
EU	European Union
i.a.	inter alia (among others)
MAIS	Ministerium für Arbeit, Integration und Soziales des Landes Nordrhein-Westfalen
NRW	North-Rhine Westphalia
SBI	Social Business Initiative
SE	Social Enterprise

Abstract

In the crisis of the European welfare state, policy makers call for solutions that fight social exclusion and foster economic growth. As one possible solution social entrepreneurship receives heightened interest. Yet, as social policy is still a topic that is mainly regulated on the member state level, social entrepreneurship has to be studied in the national context. This thesis investigates the obstacles, chances and strategies of social enterprises (SEs) in Germany in a case study of the organization Chancenwerk e.V.¹ It offers tutoring for children with a weak socioeconomic or migratory background. In a first step, the environment for social entrepreneurship in Germany will be depicted. These theoretical findings are, in a second step, used to examine by the method of the organizational analysis the SE Chancenwerk and in particular the obstacles and chances it faces in its environment. In conclusion, the case of Chancenwerk shows that SEs in Germany are impeded by a corporatist relation between the public sector and the Free Welfare Associations. They have financing problems created by little financial support by the government, but also by the conservative donating behaviour of foundations and firms. Furthermore, a missing common understanding of social enterprises creates an unfavourable legal environment. Nevertheless, the increased recognition of policy makers especially on the federal level can be seen as a chance for SEs. In terms of strategies, the SE under study is able to cope well with the detected obstacles by engaging in promotional activities to a large extent and relying on a hybrid financial structure.

¹ Hereafter only Chancenwerk.

1 Introduction

In times when the financial and economic crisis of the European Union dominates the media, there is another crisis, which might be less present in the public discourse, but is not of minor importance: the crisis of the European welfare state. Caused by globalization, an aging society and the detachment of traditional gender roles, it puts European welfare regimes under severe budgetary stress. Simultaneously, it endangers the EU's competitiveness voiced in the Europe 2020 targets. For this reason, it is not surprising that the European leaders are searching for solutions that solve social problems and simultaneously foster economic growth. One of those ideas receiving burgeoning interest is social business and social entrepreneurship². As on the one hand, it is seen as assisting "the search for new solutions to societal problems, in particular the fight against poverty and social exclusion" (European Commission, 2011c, p.2) and on the other hand, as being an "untapped potential in [the] Single Market" as it "contributes to growth and jobs" (European Commission, 2014b).

As a milestone, in 2011, the Social Business Initiative (SBI) by the European Commission was launched under the Single Market Act (European Commission, 2011b). The EU Commission explained the need for it by the fact that SEs suffer not only from challenges of small and medium sized enterprises, but also face their own particular obstacles. These are mostly to be found in the eco-system. First, SEs often lack adequate funding in their diverse development stages. Second, they bear little recognition as they are only sparsely interconnected within different regions and countries. There is no common definition and thus they are seldom recognized. Third, it is not astonishing that they suffer from an unfavorable legal environment for example in terms of public procurement (European Commission, 2011c). In order to meet these identified challenges the initiative set up an action plan. Among others, specific legal forms for SEs shall be found. However, in this context the Commission is "hesitant to proceed further in the field of regulation as there is no realistic possibility of the unanimous adoption needed in the Council" (European Commission, 2015b, p. 5). Instead the Commission plans to discuss with stakeholder organizations the best way to operate cross border within EU legislation.

Yet, if a common legal form on EU level, will not be possible, it remains interesting how social entrepreneurship is embedded in the member states of the European multi-level system. As social policy is mainly regulated nationally, some significant differences may be

² The European Commission uses the terms social entrepreneurship and social business interchangeably. In this thesis, the term used will be social entrepreneurship.

found here. Therefore, despite the fact that the problem of welfare states in crisis is a European one, the research interest of this thesis will be located on the national level. Especially in Germany, the research on social entrepreneurship has mainly focussed on the general phenomenon, but studies on its integration in the traditional structures of the welfare state are still rare. In this nexus, German case is interesting because it is considered as the prototypical example of the conservative welfare state (Esping-Andersen, 2007). Next to this, it is also characterized by a strong nexus between the state and the providers of social services, the Free Welfare Associations. These two, the state and the Free Welfare Associations, can be considered as the traditional and old actors in the field of welfare provision in Germany. In contrast to this, the focus of this thesis are SEs which are seen as relatively new³ and young actors in Germany (Grohs, Schneiders & Heinze, 2014, p. 24). Contrary to the traditional Free Welfare Associations, they seem to be less bound to the state and combine civic engagement with a certain market-orientation (Grohs et al., 2014, p. 24). Also special emphasis is often given to their social innovativeness (European Commission, 2015b, p. 27). Especially in reference to the European problem of welfare states in crisis, SEs perceive lately growing interest in Germany. This is due to the fact that also the German welfare state faces a severe crisis caused by unemployment, an aging society and the transformation of gender roles. This leads to an increased demand for social benefits, while the number of contributors to the social system decreases. Accompanied by globalization, this is a severe challenge for the German welfare state and calls for its reform. So, it puts pressure on the long established providers of welfare while at the same time it enriches the possibilities for new actors such as SEs. Therefore, apart from the general challenges for SEs voiced by the European Commission in the SBI, it is interesting which obstacles and chances SEs face particularly in the German context.

The obstacles and chances for SEs identified on the level of the German member state will be the linchpin of this thesis. However, this thesis shall not only be about theorizing the obstacles and chances for SEs in general, but also about practically analyzing those for a single SE in the form of a case study. Moreover, strategies the SE employs to be successful despite these obstacles will be examined. To enhance the relevance, an SE dedicating its work to an up-to-date problem in the policy field of education, was chosen. This SE is Chancenwerk. Its goal is to empower pupils to live up to their full potential. Their parents'

³ Several experts (Beckmann, 2011, p. 70; European Commission, 2014a, p. 1; Zimmer & Bräuer, 2014, p. 6) argue that SEs are not a new phenomenon at all, but that first SEs were already founded in Germany in the 19th century as a reaction to the social question in the context of industrialization and thus urban pauperism. They instance voluntary private charity associations organized as cooperatives or foundations and financed by membership fees or donations and see these historic SEs as the forerunners of the Free Welfare Associations.

income, social problems or a migratory background shall not impede a successful education. In order to achieve this, Chancenwerk invented an innovative tutoring model and implements it in schools. Especially, in these days, when incoming refugees are constantly on television screens and newspaper front-pages all over Europe, the need for an SE busy in this field of activity is great. Particularly in Germany, this policy field is of relevance as there, children with a weak socio-economic or migratory background have less chances to be successful in school (OECD, 2006, p.8; Schwarz & Weishaupt, 2014, p. 10). These thoughts lead to the following research question:

Which obstacles and chances does the social enterprise „Chancenwerk e.V.“ encounter in Germany and which strategies does it develop to survive?

In order to answer this research question, in a first step the environment of social entrepreneurship and possible hurdles for it on the German level will be depicted. Secondly, a case study will present the different features of Chancenwerk. This will be done in the form of an organizational analysis focusing on the organization itself and its environment. The aim of this thesis is furthermore to draw connections from the theoretical findings. Can the obstacles and chances identified for the SE Chancenwerk be explained by the theoretical findings on the German level? The scientific value of this will be to illuminate the still little-researched environment of social entrepreneurship further, especially in the specific policy field of education in Germany.

This thesis comprises six chapters. At first, a theoretical part gives a short discussion on the definition of SEs and outlines the environment for SEs in Germany in terms of the welfare state, political elites, the financial mechanisms and supporting organizations for SEs. Furthermore, the policy field of education is introduced in order to illustrate the working context of Chancenwerk. In a third chapter, the methodological approach of a case study and the reasons for the case selection will be portrayed. The method of data generation and analysis will be illustrated, as well. The fourth chapter will analyze Chancenwerk in three steps. First, the focus point will be the organization and its social entrepreneur, second the environment will be scrutinized and third, the results from this analysis will be used to analyze obstacles, chances and strategies. In the final chapter, the thesis attempts to answer the research question highlighting its contribution to the debate on social entrepreneurship and indicating possible limitations.

2 Theoretical and Empirical Background

Referring to the findings of Defourmy and Nyssens (2010, p. 33) and Kerlin (2013, p. 84), Grohs, Schneiders and Heinze (2013, p. 5) acknowledge, the “institutional embeddedness of social entrepreneurial action”. This embeddedness can be observed in the given thesis: Ferrara (2014, p. 825) states, that “incisively re-drawing economic boundaries, the EU has indeed also adopted a growing number of social provisions, especially since the Maastricht Treaty“. However, he also acknowledges that the member states see the area of welfare provision as a „last bastion of national sovereignty“ (Ferrara, 2014, p. 826). Furthermore, Threlfall (2003, p. 124) underlines that although there might be some kind of European social integration, it progresses at different rates in various areas. For instance, while there is a common regulation of the labor market in all member states, social inclusion and employment benchmarks are converging slowly (Threlfall, 2003, p. 125). This hints at the fact that in the area of social inclusion and social entrepreneurship, as it is located in this area, the national welfare scheme is still dominant. Therefore, it seems cumbersome to analyze social entrepreneurship from a European perspective. Further, the European Commission (2015b, p. iv) voices that “relative little is known about the emerging social enterprise sector of Europe as a whole”. So the missing information on the European sector shows, as well, that it might be advisable to start studying the phenomenon in the national context. For this reason, after a brief definition of social entrepreneurship, this chapter will turn to the member state level of Germany and elaborate on the supportive environment and obstacles for SEs in the context of the welfare regime, on the level of political elites, the financial environment and other supporting organizations. In order to be able to contextualize the SE Chancenwerk, the policy field of education will be presented, as well.

2.1 Definition of Social Entrepreneurship

Trying to define social entrepreneurship is not a simple task. It has neither a clear-cut definition nor is it razor-sharp distinguished from social entrepreneurs or SEs⁴ in the international discourse (Grohs, Schneiders & Heinze, 2013, p. 25). Following Dees and Anderson (2006, p. 41), two schools of thought can be identified: The Social Enterprise and the Social Innovation School. The first one focuses on the organizations and considers “market based solutions to social problems” (Dees & Anderson, 2006, p. 44) from non-profit but also from profit generating organizations as social entrepreneurial activities. Nonetheless,

⁴ For a better understanding, this thesis will employ the term social entrepreneurship as a synonym for the general phenomenon, the term social enterprise (SE) for the organization and the term social entrepreneur for the founder of the SE.

ambassadors of this school of thought are further divided about the financing of these organizations. While for instance Nicholls (2006, p. 12) argues that they have to be fully self-funded, other proponents (Evers, 2005, p. 8) are of the opinion that they can be based on hybrid financial structures. The Social Innovation School focuses more on the social entrepreneur as the crucial actor. These are persons “who reform or revolutionize the patterns of producing social value, shifting resources into areas of higher yield for society” (Dees & Anderson, 2006, p. 44). This perspective underlining the quality of social entrepreneurs as innovative change makers is stressed by the support organizations Ashoka⁵ or the Schwab foundation⁶ (Zimmer & Bräuer, 2014, p. 10).

Following the perspective of the Social Enterprise School, the EU Commission (2011c, p. 2) offered in the Social Business Initiative (SBI) the following definition for SEs:

“A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.”

Zimmer and Bräuer (2014, p. 15) observe that this is a very wide-stretched definition. But they consider it as suitable for the European context, as it includes the different characteristics of SE's in the member states. Taking a closer look at Germany, Grohs, Schneiders and Heinze (2013, p. 18) state that the understanding of social entrepreneurship is ambiguous, as well. Yet, some common features can be detected. They underline that in contrast to other European states, SEs in Germany operate under various legal forms (Grohs et al., 2013, p. 19). They are mostly active in their local surroundings as they are often dedicated to a local issue or problem (Scheuerle, Glänzel, Knust & Then, 2013, p. 21). Furthermore, they often combine more than one field of activity (Scheuerle et al., 2013, p. 21).

⁵ Ashoka is a non-profit organization entitled to foster social entrepreneurship. It supports 51 fellows in Germany. They receive financial and pro bono support. For example they receive scholarships so that they can pause in their regular job and concentrate for one to three years fully on their project.

⁶ The Schwab foundation is an international non-profit organization dedicated to the promotion of social entrepreneurs. Similarly to Ashoka, it selects a limited number of social entrepreneurs and supports them by scholarships and networks. For more information see <http://www.schwabfound.org/content/about-us-0>.

2.2 The Environment of Social Entrepreneurship in Germany

2.2.1 The Welfare State

The following paragraph will elaborate on the German welfare state regime and discuss possible obstacles arising for SEs. According to Esping-Andersen (2007, p. 27), Germany is a conservative welfare state. It aims at “the preservance of status differentials” (Esping-Andersen, 2007, p. 27), which means that rights are attached to class and status. The state is able to replace the market as a provider of welfare. Therefore, private insurance and occupational fringe benefits are not common. Its redistributive efforts are small. Moreover, the conservative welfare state in Germany is strongly shaped by the church. For this reason it is strongly committed to the preservation of traditional family models (Esping-Andersen, 2007, p. 27f.).

However, Esping-Andersen’s typology has mostly focused on social transfers. This approach neglects social services which are a distinctive feature of the German welfare state (Alber, 1995, p. 133). Also in the production of social services “the market has widely only marginal influence” (Grohs, Schneiders & Heinze, 2013, p. 1) as they are for a large share provided by a corporatist cooperation between the local authority and independent non-profit providers. These independent providers are mostly organized under the traditional Free Welfare Associations⁷. These are national level welfare federations whose member organizations receive privileged legal status and funding by the state. For instance, the principle of subsidiarity advantaged them for a long time as it means that public providers shall refrain from service provision as long as there are other provides which in fact always were the Free Welfare Associations (Grohs et. al., 2014, p. 22). Since the 1980s, this corporatist arrangement between the Free Welfare Associations and public institutions is criticized as too rigid and cartel-like as the providers seems to divide the market up between themselves. Several groups such as consumers and persons affected, but also private enterprises felt excluded (Grohs et al., 2014, p. 23). The affordability of welfare policies in the long run was questioned due to societal changes, too. As a consequence, in recent years the traditional structures underwent reforms. For instance, business instruments were introduced and the principle of subsidiarity was suspended, which according to Grohs, Schneiders, Heinze (2013, p. 7) can be summarized under the keywords of “managerialism” and “marketization”. It presented new challenges for the traditional welfare providers and opened up space for new players i.a. SEs (Heinze, Schneiders & Grohs, 2011, p. 88). Relying on the

⁷ The central associations under the Free Welfare Associations are the „Arbeiterwohlfahrt“, „Caritas“, „Paritätische Wohlfahrtsverband“, „Diakonie“, the German Red Cross and the central welfare office for Jews in Germany.

results of the MEFEOSE study Zimmer and Bräuer (2014, p. 27) observe that one third of SEs are “already active in realms which traditionally fall in the working area of historically grown welfare organizations” and conclude from this and other factors that SEs are gaining relevance in the sector. Nonetheless, various experts remain hesitant to speak of fundamental changes in the welfare regime (Grohs et al., 2014, p. 84; Schwarz, 2014, p. 179), but rather observe a kind of “welfare pluralism” of public providers, traditional organizations belonging to the Free Welfare Associations and private providers competing with each other. In this competition the traditional welfare organization still constitute the lion’s share. In particular for SEs, Heinze, Schneiders and Grohs (2011, p. 95) see the following obstacles in this competition: Public financiers are often suspicious towards new organizations, as they highly count on reputation and are hesitant to engage in seemingly risky innovative approaches. Moreover, they stress that especially in terms of social services, the legal framework is discriminatory with respect to market access and involvement in decision-making bodies. Besides, Schwarz (2014, p. 178) criticizes that cooperation of the traditional actors and administration is perfectly attuned to each other. From the perspective of the Free Welfare Associations SEs might be seen as an unwelcome competition. Finally, Schwarz (2014, p. 179) also attests Germany the absence of a start-up-culture and refers to Leppert (2008, p. 69) stating that people who are too afraid to found an enterprise to secure the subsistence of oneself, are even less willing to found an enterprise for the common good. Due to these obstacles, Grohs, Schneiders and Heinze (2014, p. 85) are convinced that SEs often remain geographically limited and are only able to assert themselves in niches while the established arrangements stay well in place. In these niches their success is largely due to their great presence in the public because of a distinguished use of social media, which subsequently aids them in raising funds and acquiring volunteers. Moreover, Grohs, Schneiders and Heinze (2013, p. 9) assume that innovations originate less from providers extern to the traditional welfare organizations such as SEs, but from within their internal structures. The advantage of this is, that the innovation starts up in a somehow sheltered environment and networks and advice is already available (European Commission, 2015b, p. 6). Mair and Martí (2006, p. 37) named the concept of social entrepreneurship within an established organization social intrapreneurship.

2.2.2 Political Elites

In comparison to other European countries, for instance Great Britain where social entrepreneurship entered the debates in the 1990s, the interest of German political elites in the topic is quite new (Gebauer & Ziegler, 2013 p. 21). It came to the minds of policy makers in the context of the Agenda 2010 under the socio-democratic government of chancellor Gerhard Schröder, yet not with the same appreciation and financial support as in Great

Britain (Gebauer & Ziegeler, 2013, p. 19). The first step was the “startsocial competition” founded in 2010 by the former chancellor and McKinsey&Company with the intention of giving new impulses to social commitment (Latham & Watkins LLP, 2013, p. 29). The competition awards scholarships in the form of counseling, but no financial rewards. To institutionalize the competition in the long run, it was registered as an association in 2003 and further tied to the network of political elites by the fact that, the newly elected chancellor Angela Merkel took over the patronage in 2005 (startsocial e.V., 2005). Furthermore, Ashoka, an international nonprofit organization promoting especially individual successful social entrepreneurs was established in 2003 (Ashoka, 2015a). This organization strongly influenced the Sylter Memorandum published in 2004. It includes advice for policy makers on social entrepreneurship (Schwartz, 2014 p. 52). Subsequently, Zimmer and Bräuer (2014, p. 18) conclude that “the Sylter Memorandum paved [...] the way for Ashoka’s perspective on Social Entrepreneurship in the political, public and academic debate which in the following years, influenced it far stronger than the emerging academic discourse”. In the next years, the federal government engaged further in the support for SEs, but from different perspectives.

On the one hand, viewing SEs from an economic perspective, an advisory board of the federal government gave a special award to a sustainable social entrepreneur under the umbrella of the “German Sustainability Award”. Yet this award was stopped in 2013, as there were no appropriate nominees available (Gebauer & Ziegler, 2013 p. 21). On the other hand, SEs are also considered as a part of civic engagement (Deutscher Bundestag, 2012, p. 4). This was expressed in the national engagement strategy adopted by the federal ministry for Families, Senior Citizens, Women and Youth (BMFSFJ) in 2010 with the goal of improving the environment for Social Entrepreneurs. For this reason, in the following years the ministry implemented several measures and activities. For example, it hosted a multi-stakeholder dialogue and a conference joined by 200 academics, social entrepreneurs, policy makers as well as representatives of foundations, firms and the Free Welfare Associations (BMFSFJ, 2013). Result of this conference was that in terms of the ecosystem it is especially relevant on the German level to show impact transparency, establish innovative financial instruments, to open up possibilities to scale up and to cooperate with the Free Welfare Associations (Deutscher Bundestag, 2012, p. 4). Especially in terms of the last one, first steps are taken. For example, the BMFSFJ organized a regular dialogue between the federal working group for non-governmental welfare service (Bundesarbeitsgemeinschaft der freien Wohlfahrtspflege) and the central associations of the Free Welfare organizations taking place since 2010 (Deutscher Bundestag, 2012, p. 5). As Zimmer and Bräuer (2014, p. 19) evaluate, this can be seen as an attempt to foster social intrapreneurship in the traditional welfare organizations and include more actors in the debate. Besides, first financial initiatives

are taken under the national engagement strategy. So, four SEs are granted direct financial support by the ministry and a financing program for SEs with a company statute in cooperation with the Development Loan Cooperation (Kreditanstalt für Wiederaufbau) was set-up in 2011 (Deutscher Bundestag, 2012, p. 2) and scheduled until the end of 2014 (European Commission, 2015b, p. 19). Nevertheless, in both cases it can again be criticized that the government is strongly focused on social entrepreneurs as defined by Ashoka (Ashoka, 2014; Zimmer & Bräuer, 2014, p. 19) or those that have a company statute and are already successful which makes numerous SEs not applicable to this programs. This shows that the legal environment for SEs is problematic in Germany. Gebauer & Ziegler (2013, p. 22) also consider it as an obstacle that it does not aid individuals or networks that have innovative ideas, but are still without a business plan. In recent years, the debate on social entrepreneurship became even more prominent as it was mentioned in the national government's coalition agreement. There it says "Social innovations and also those of social enterprises are worthy of support⁸" (Bundesregierung, 2013, p.112). It states that the founding of civic entrepreneurial initiatives shall be simplified, for instance, by creating a separate legal form.

Concerning the supporting environment on the state level, it has to be mentioned that the aforementioned SBI is directed to this level. As Zimmer and Bräuer (2014, p. 16) state, this creates difficulties as the states can chose four out of eighteen development foci, one of those the SBI, which then in total receive 75 percent of the funding. The other fourteen gain the remaining 25 percent. In 2014, only one of sixteen states has chosen the SBI which conveys that the topic of social entrepreneurship is not that present on the agenda of state policy makers yet (Zimmer & Bräuer, 2014, p. 16). Besides, the support programs for SEs vary from state to state showing that support is even more diversified than on the federal level. Exemplary, the situation in North-Rhine-Westphalia (NRW) will be depicted as Chancenwerk is headquartered in this state. In 2012, the Ministry for Work, Social Affairs and Integration of North-Rhine-Westphalia (MAIS) organized a conference, convening representatives of the EU level, the state level, social entrepreneurs and the welfare associations to discuss social entrepreneurship and its support (Ministerium für Arbeit, Integration und Soziales, 2012). This reveals that the attention of the state level has turned to SEs. Furthermore, there is the organization "Projekt Soziales" which is funded by the MAIS and the ESF. For SEs but also for traditional welfare organizations it offers aid to establish networks to the relevant political institutions on state and municipal level and also to economic actors (Projekt Soziales, 2015b). However, in relation to this Zimmer and Bräuer

⁸ "Soziale Innovationen auch von Sozialunternehmen sind unterstützenswert."

(2014, p. 21) criticize this strong focus on networks. Newly founded local SEs might have difficulties to establish connection to the relevant networks or might merely align to those supporters which do not provide long-term support.

2.2.3 The Financial Environment

The MEFOSE study evaluating the financial environment of SEs in Germany showed that 37.5 percent of SEs receive income under 100.00 Euro and around 70 percent under one million Euro. It emphasizes that the revenue of most SEs in Germany is rather small. In relation to this, the same study illustrates, that 48,8 percent of the analyzed organizations consider financing as a major challenge or threat in the future (Scheuerle, Glänzel, Knust & Then, 2013, p. 41). For this reason, the following subchapter will give a brief overview of the funding possibilities for SEs and elaborate on possible obstacles linked to them.

Due to the fact that SEs operate under various legal forms (Grohs et al., 2013, p. 19) a wide range of financing instruments is available for them. (Achleitner, Mayer & Spieß-Knapfl, 2013, p. 154). These can be divided into internal and external financing (Vollmann, 2008, p. 37; Achleitner, Heister, Stahl, 2007, p. 14). Internal financing is generated by the SEs itself and is provided either by the government or the service recipients (Achleitner, Mayer, & Spieß-Knapfl, 2013, p. 155). To the first group belong compensations for services by the government (Spiess-Knafl, 2012, p. 44). As depicted in 2.2.1, traditionally, the Free Welfare Associations were the providers of these services. Experts have mixed opinions whether this has changed and room was opened up for SEs. Zimmer and Bräuer (2014, p. 22) argue in favor of this, while Vollmann (2008, p. 40f.) considers state financing for SEs as rare and associates many hurdles with this. For instance, Spiess-Knafl (2012, p. 61) criticizes that government funding is often given in terms of pilot projects not exceeding three years and demands from the SE that it pre-finances the project. Also high administrative standards have to be fulfilled, while money for the organizations themselves is lacking (Spiess-Knafl, 2012, 61). Moreover, tax privileges can be seen as a form of government funding. Funding provided by the beneficiaries often takes the form of membership fees, as many SEs are organized as associations (Spiess-Knafl, 2012, p. 70). All in all, compared internationally, with 32.3 percent of the total income, internal funding through own business activities adds only a small share to the total financing of the SE (Zimmer & Priller, 2007, p. 61).

Thus, the external financing seems to be far more important for German SEs. One of those, are donations by Corporate Social Responsibility (CSR) funds of firms, private foundations and individuals. Especially the support by private foundations is relevant, as they offer the largest financial contributions for German SEs (Zimmer & Bräuer, 2014, p. 25). However, according to Vollmann (2008, p. 41f.) donations pose also obstacles, as they

involve vast fundraising activities and extensive reporting obligations. Especially, the support by private foundations is problematic, as these are not designed for the requirements of SEs. They mostly aid several social projects for a short time and do not take into account administrative costs. For this reason, similarly to government project funding, the organizational structures of the SEs remain underfinanced and are often not sustainable. Moreover, experts criticize a lacking engagement of private foundations for the funded SEs and their projects. Especially, after the end of the funding phase, foundations are often withdrawing quickly. Internationally compared, there are only few private foundations and citizen's will to donate is not that prominent in Germany. Therefore, donations make up only four percent of the financing sources of nonprofits (Grohs, Schneiders, Heinze, 2014, p. 54). A reason for this not very philanthropic behavior is the conviction of citizens that it is the task of the state to care for their welfare as it has traditionally been the case under the corporatist model (Schwarz, 2014, p. 178). Other external financing sources are awards, fellowships⁹, voluntary engagement and material donations. As Zimmer and Bräuer (2014, p. 22) observe the "financial support, especially in the form of price money and fellowships for SEs did increase significantly" over the last years, however, these are mostly available for SEs in an early development stage and only support few selected ones (Zimmer & Bräuer, 2014, p. 23). Also additional financing instruments providing external capital stock are available for SEs. However, these are often problematic, as SEs – unlike traditional enterprises – do often not generate sufficient financial returns (Achleitner et. al., 2011, p. 270). Thus several financing instruments with discounted loans have been developed recently. For those investors, the social return takes center stage¹⁰. For instance, a few private foundations have become social investors as they have realized their social responsibility and departed from their traditional short-term donations, to a more cooperative and long-term attitude towards SEs. For example they have started to engage in venture philanthropy combining financial support with mentoring or networks (Vollmann, 2008, p. 43). Another foreign capital financing form are social impact bonds. They are multi-stakeholder partnerships of SEs, private investors and government bodies. They aim at solving a social problem by preventive action (Weber & Petrick, 2014, p.2). The private investors provide the funds for a service executed by the SE. The returns are dependent on the savings generated by this preventive action and has to be reimbursed plus an interest payment by the public domain. (Achleitner et al., 2014, p. 285). Yet, this financing is still in its infancy in Germany (Fliegau, 2014, p. 5) and experts

⁹ One of those is the fellowship program by Ashoka. Selected social entrepreneurs receive financial support for up to three years, so that they can abandon their regular job and work fulltime for their SE. For further information see: <http://www.germany.ashoka.org/fellowship-programm>.

¹⁰ For further information on those external capital stock financing see Achleitner et. al. (2014).

are of the opinion that it is cumbersome to convince financiers to invest in social projects (Schwarz, 2014, p. 52). To overcome this obstacle, according to the European Commission (2015b, p. 17) two voluntary mechanisms of external quality control were introduced which particularly benefit SEs as they seldom have the resources to conduct impact surveys in-house. On the one hand, several private foundations and Corporate Social Responsibility funds of firms established “PHINEO”, a public benefit venture which awards a quality label to organizations that after a thorough screening-process are considered to have social impact. Second, social impact reporting standards were developed by support organizations such as Ashoka but also the BMFSFJ. They provide templates for the organizations’ annual reports and thus help to increase benchmarking between the organizations themselves and transparency for possible investors (European Commission, 2015b, p. 17).

Focusing on the financing situation of German SEs, the MEFOSE study illustrates that the financing mix of SEs is hybrid as they combine various financing forms throughout all organizational development stages (Scheuerle et. al., 2013, p. 42). The same study revealed that in the founding phase, they mostly obtain support in the form of donations, whereas more established ones receive larger shares of public money for services. Yet, the number of financing instruments stays constant with on average three to four (Scheuerle et. al., 2013, p. 42). Recently a financing agency for social entrepreneurship (FASE) was established giving advice to SEs to manage their financing sources better (European Commission, 2014, p. 20).

2.2.4 Other Organizations Supporting SEs

Besides public support and donations by foundations and firms, there is a vivid network of institutions dedicated to the promotion of social entrepreneurship. Therefore, this chapter shall show how they aid SEs or which obstacles are related to their support. According to Schwarz (2013, p. 177) the amount of these supporting organizations has greatly increased during the last years and they can be seen as an important chance creating a favorable environment for SEs. Due to the large amount of different institutions, a small selection of the most important ones will be presented. For example a report on the environment of SEs in Germany by the European Commission (2014a, p. 13) mentions that several public universities offer research and teaching on social entrepreneurship and more important for the SEs – also provide consultancy. One of those is the “Social Entrepreneurship Academy” founded in 2010 by four Munich universities (Social Entrepreneurship Academy, 2012). Furthermore, there are several non-profit support organizations. The most prominent examples are surely the aforementioned Ashoka and Schwab foundation dedicated to consultancy, financial support and network in the form of scholarships. Additionally to these services, the Social Impact Hubs in six German cities, as well as the Social Impact Lab in Cologne specialized on educational initiatives, and the Impact HUBs in Berlin and Munich,

offer office and event infrastructure for social entrepreneurs in the founding phase of their SE (Social Impact Lab, 2015; Social Lab Köln, 2015; Impact Hub, 2015). However, in case of those infrastructure providers it is problematic that the SEs have to work in the facilities of these hubs or laps to receive mentoring and consultancy.

There are also several conferences especially for SEs. One of those is the annual “Vision Summit” organized by the GENISIS Institute. Since 2007 it assembles several leaders dedicated to social entrepreneurship, social business and education (Genisis Institute, 2015). This paragraph has shown that the supporting network for SEs is quite comprehensive in Germany. However, EU experts (European Commission, 2014a, p. 15) are convinced that for old-style organizations of the Free Welfare Associations it is still more elaborate as “they have their own financing, research, education, training, advisory and support structures”. (European Commission, 2014a, p. 15).

2.2.5 The Policy Field of Education

In 2015, the Germans were asked which was the most pressing problem in their country at the moment. The answer most often given was with nearly fifty percent “immigration”. Coming a close second was with 21 percent the education system (European Commission, 2015c). The SE under study is devoted to a combination of these aspects, namely the lacking equality of chances in the German education system for children with a weak socioeconomic or migratory background. Therefore, to get a clear grasp of the policy environment the SE under study is active in, the following paragraph will present the education system and highlight the problem, which Chancenwerk is dedicated to, especially in the context of immigration.

In the federal state of Germany, according to Art. 30 of the Basic Law, the education policy is regulated, administered and mainly financed by the state level (Hepp, 2011, p. 108ff.). The states are also in charge of paying the teachers, while the municipalities are responsible for the setup and maintenance of school buildings (Hegelich & Meyer, 2008, p. 138) Thus, it can be observed that the main actors are not social service providers (Schmid, 2011, p. 124), but that the states and municipalities are the decisive actors. Therefore, the competition with the traditional welfare organizations as characterized in 2.2.1 does not seem to be very distinct. In detail, the expenditures are divided as follows: 74.7 percent are financed by the state level, 20.7 percent by the municipalities and 4.6 percent by the federal level (Hepp, 2011, p. 108ff.). That the competencies for schools are in the hands of the states has led to numerous variations in the respective school systems (Hepp, 2011, p. 167). In general, according to the Ministry for Education and Further Education NRW, (Ministerium für Schule und Weiterbildung des Landes Nordrhein-Westfalen, 2015) state-run schools are

free of charge and school attendance is compulsory from the age of six. In North-Rhine Westphalia (NRW), where Chancenwerk started, for the first four years children attend a primary school. Afterwards they pass over to one of the five different secondary schools. The “Hauptschule”, “Realschule” and “Gymnasium” allocated children according to their performance levels. While “Hauptschule” and “Realschule” qualify for training professions, the Gymnasium aims on an academic career. Most schools still belong to these, although there is also the “Gesamtschule” which assembles differently proficient children in one school, but forms different classes according to their performance levels. Additionally, in 2011 a new form was comprised: The “Sekundarschule”. It resembles the “Gesamtschule”, but does not offer a Sixth form. (Ministerium für Schule und Weiterbildung des Landes Nordrhein-Westfalen, 2015).

Concerning the topic of migration, it is important to know that this is an issue gaining more and more attention in Germany. Especially, in this year 218.221 applications for asylum were filled until June. It is the highest number since 1993. At the end of 2014, the amount of foreign nationals reached at peak with 8,2 million (Statistisches Bundesamt, 2015b). Also the amount of people with a migratory background¹¹ was 16 million in 2014, which is nearly twenty per cent of the total population (Statistisches Bundesamt, 2015a). However, for several years, Germany did not consider itself as a country of immigration and did not actively support children with migratory background (Hepp, 2011, p. 209; Steinbach 2009, p. 30). Instead the Programme for International Student Assessment (PISA) in 2000 and in the following survey years 2003, 2006 and 2009 revealed and confirmed that there is a strong correlation between the social background and the educational performance of children (Hepp, 2011, p. 203; Steinbach, 2009, p. 29; Kuhlmann, 2007, p. 314; von Below 2006, p. 209). Especially those children with migratory background are much more often attending the school with the lowest educational track, the “Hauptschule” (Bundesamt für Migration und Flüchtlinge, 2014). However, “Hauptschulen” are considered as “relic schools” which nobody wants to attend voluntarily, as they are not sufficient to obtain a more sophisticated job anymore (Kuhlmann 2012, p. 313). In 2012 foreign young adults were also twice as much probable to leave school without a certificate (Bundesamt für Migration und Flüchtlinge 2014; von Below 2007, p. 209). Overall, they have significantly lower educational performances than children without a migratory background (von Below 2007, p. 209). This makes migrant

¹¹ People with a migratory background are all foreign nationals, foreign nationals that have been nationalized after 1949 and all people born in Germany with at least one parent a foreign national who has been born in Germany or not. (Statistisches Bundesamt 2015c, p. 5)

children the “newly disadvantaged” (Klemm 2000, p. 158) in the German education system. In the 1960s these were the catholic girls with working class background from rural areas¹².

Steinbach (2009, p. 56) elucidates that the reasons for this phenomenon are plenty and can be divided into two categories: First, there are reasons that can be found in the characteristics of the children and youngsters. Second, she underlines that German schools are organizations that discriminate. Into the first category fall mainly language deficits and the lack of parent’s ability to support their children (Steinbach, 2009, p. 56). For example, a survey by the Bertelsmann Stiftung (2015) asked people what is the reason that children from immigrant families have fewer chances than others. The most frequently mentioned factors were that many parents cannot support their children themselves, that the children cannot speak enough German or that they do not speak German in the families and that many parents cannot afford tutoring. Secondly, Steinbach (2009, p. 55) identifies schools as discriminatory. Children with migratory background are often enrolled later into primary school than those without one. Moreover, Gomolla and Radke (2007, p. 27) stress that the primary school can select the secondary school for the child after four years. The will of the parents is more or less incorporated. So many of those children are placed into Hauptschulen because only those have special language training classes (Gomolla & Radke, 2007, p. 27). So the German educational system can be considered as discriminatory and under-promotional for these children and youth.

2.3 Interim Conclusion

In a nutshell, it can be said that the welfare state set-up as well as the political and financial environment in Germany are not ideal for SEs, although there is a broad network of non-state supporting organizations. In terms of the welfare state, the traditional corporatist arrangement between the state and the Free Welfare Associations is still strong, so that SEs are geographically limited and could mainly establish themselves in niches without really challenging the status-quo. As illustrated in 2.2.5 the policy field of education seems to be such as a niche as the dominant actor is the state, but not social service providers like the Free Welfare Associations. Also political decision makers seem to rely on the traditional set-up, as SEs suffer from limited financial support programs by the government. The two financing concepts are only available to a limited number of SEs. This is the case because they require the legal status of a company or the SE understanding of the political elites is strongly shaped by the narrow definition of Ashoka. Although the non-financial appreciation

¹² Today, girls and children with a rural origin are not disadvantaged anymore. Also working class children have increased their chances (von Below, 2006, p. 228).

for SEs has increased during the last years and the efforts to increase linkages with the traditional organizations of the Free Welfare Associations offer great potential, there is no red line drawing through the initiatives of the government. They are carried out from different perspectives on federal and state level and a common definition incorporating SEs with several legal forms is missing. Further, it becomes clear, that although diverse, the financial environment is not ideal for SEs in Germany as they face financing problems in all their development stages. The reasons are the little philanthropic behavior of citizens, but also that due to the conservative donating behavior of foundations SEs have difficulties to depart from sheer project funding to sustainable organizational structures and that foreign capital investment schemes suitable for SEs specific characteristics are poorly developed. Yet, external quality control initiatives and the new financing agency for social entrepreneurship give hope to improve the attractiveness to investors and thus the financing situation in the future. The network of supporting organizations seems to be quite elaborate, even if it still not as comprehensive as the one of the traditional actors.

3 Research Methodology

3.1 Research Design: Case Study

This thesis aims at presenting obstacles and changes for SEs in Germany on the example of a single SE, namely, the Chancenwerk organization. For this purpose, the case study is considered to be the suitable research design. Gerring (2004, p. 342) defines a “case study as an intensive study of a single unit for the purpose of understanding a larger class of (similar) units”. For this reason, a case study does not encompass several units, but concentrates on appraising one unit in detail.

The case study method was chosen for two reasons: First, it is able “to recognize the unexpected” (Vandenbroucke, 2001, p. 331). In other words, it is able to answer the exploratory research question which obstacles and chances a social enterprise faces in the German welfare state. Second, the focus on a single unit, allows to “retain the holistic and meaningful characteristics of real-life events” (Yin, 2009, p. 4) So, it helps to understand social entrepreneurship as a “contemporary phenomenon within a real-life context” (Yin, 2009, p. 11). In relation to this, Yin (2014, p. 34) suggests to clearly define the temporal and spatial boundaries of the case. Concerning the first, this thesis will deal with the whole organization of Chancenwerk, not only with some regional office or school location. In terms of the latter, it will track the organization’s development from its foundation in 2004. However the main focus of attention shall lie on the status quo especially in terms of current obstacles, chances and strategies.

Still, the case study method shows some controversies. According to Yin (2014, p. 40) this is mostly linked to the fact that a case study is often inadequate for generating statistical generalizations which is the "representativeness between sample and population (Gerring, 2007, p. 43). Yin (2014, p. 40) explains this problem by the fact that one case is not a sampling unit and too small in number to represent any larger population. In contrast to this, he points out that analytical generalization is possible as "case studies, like experiments, are generalizable to theoretical propositions" (Yin, 2009, 15). Therefore, the method of the case study will be employed to explore the analytical evidence, namely obstacles and chances for the SE Chancenwerk and then careful generalizations or theoretical propositions to SEs in Germany will be drawn where possible. Following Yin (2014, p. 40) these generalizable findings or theoretical propositions can assume the form of a working hypothesis and be tested in further studies.

3.2 Case Selection

The following chapter will elaborate in detail on the reasons for choosing the case of Chancenwerk. Gerring (2007, p. 91) states that case selection procedures should be guided by certain assumptions upon a broader population. However, this approach aims at statistical generalization, which will not be the goal of this thesis for the above-mentioned reasons and can therefore be neglected. Instead, this thesis will aim at analytical generalization. In this context Curtis, Gesler, Smith and Washburn (2000, p. 1002) citing Miles and Huberman (1994, pp. 27-28) are in favor of selecting "observations which are key to our understanding of new or existing theory about the phenomenon being studied". Thus, they argue that theoretical implications lead to the selection of a case (Curtis et al., 2000, p. 1002). Following this reasoning for case selection, the phenomenon being studied is the environment of social enterprises in Germany. The case of Chancenwerk might be an observation that contributes to the theory on the environment of SEs because it is an example in the policy field of education. This seems to constitute an exceptional policy field in relation to social entrepreneurship as it is not a classical field of social service provision and thus it does not seem to be strongly dominated by the corporatist setup which is considered as a major obstacle for SEs. Thus the case of Chancenwerk might lead to valuable insights into the environment of SEs in Germany. Further, this policy field and the chosen case of Chancenwerk are particularly interesting as the theory section has identified the problem of inequality in the German education system for children with weak socio-economic or migratory background as very pivotal. Finally, as a practical reason Yin (2014, p. 95) advises to choose the case that "has the most available data sources". This was surely an important reason for the selection of the given case as via the EFESEIIS project already two interviews with the representatives of the organization had been conducted and the contact for the third

interview could be established more easily. Both reasons, the theoretical considerations and sufficient access to the data, justify the selection of Chancenwerk.

3.3 Data Collection

The data on the case has been collected in three steps. First, desktop research was conducted. This included exhaustive browsing of the homepage of Chancenwerk, its facebook page, annual reports, leaflets and newspaper articles. Second, two interviews conducted in the course of the EFESEIS project, one with the social entrepreneur and executive director Mural Vural and another one with his sister Şerife Vural who is the regional coordinator of Chancenwerk in the Ruhr area office will be analyzed. Third, an own interview has been conducted with Mural Vural focusing especially on the obstacles and chances Chancenwerk faces in its environment. After the process of data generation, the findings have been examined and shaped into an organizational analysis by using the qualitative data analysis software MAXQDA. Being aware of the fact that the chosen interview partners are leading members from inside the organization and will present it in the best way possible, the statements have been evaluated particularly critically to avert any subjectivity. The next two paragraphs will elaborate in detail on the technique of the expert interview and on the technique of the organizational analysis.

3.4 The Technique of the Expert Interview

The interview seems to be the adequate method to complement the desktop research and to fill in the missing links. Moreover, it is explorative and often used in the context of analyzing an organization (Frantz, 2006, p. 54; Meuser & Nagel, 2009, p. 465). In the given thesis, a special type of interview, namely the expert interview will be employed. It identifies an expert and questions him according to a previously formulated guideline (Frantz, 2006, p. 61). Frantz (2006, p. 61) as well as Meuser and Nagel (2009, p. 471) stress that there are different criteria to define an expert: people who have scholastic expertise on a topic or those who have gained knowledge due to their occupation. For this thesis, the experts Murat Vural, his sister Şerife Vural, can be considered as experts due to the second criterion.

Moreover, several criteria have to be met to successfully conduct an expert interview. First of all, Gläser and Laudel (2010, p.154) suggest that apart from other ways such as the telephone or the interview via email the best way is face to face. They also agree with Frantz (2006, p. 65) that the encounter should take place in a familiar surrounding for the interviewee. So the interview took place on the 17th of August in Murat Vural's office in the headquarters of Chancenwerk in Castrop-Rauxel. A guideline with interview questions was prepared. When formulating this guideline, the interviewer has to be aware of the fact that his dialogue partner might not have the same background knowledge. Therefore, the questions

have to be adapted to the context of the interviewee. Questions shall be asked in an open-ended fashion (Gläser & Laudel, 2010, p. 145; Frantz, 2006, p. 65) and the interviewer has to be responsive to the answers. Therefore, the prepared guideline has merely served as an orientation (Frantz, 2006, p. 65; Flick, 2009, p. 113; Meuser & Nagel, 2010, p. 474). Finally, the interviews have been recorded and transcribed in agreement with the two interviewees. In relation to this, it is often mentioned that the recording of the interview might alter the behavior of the interviewee, however, most scholars agree that the loss of information weighs higher than the changed situation due to recording the interview (Gläser & Laudel, 2010, p. 145).

3.5 The Method of the Organizational Analysis

In the style of the Social Enterprise School focusing on SEs as organizations, the generated data on Chancenwerk will be shaped into an organizational analysis. Following Titscher, Meyer and Mayerhofer (2008, p. 55) an organizational analysis is the systematic investigation and description of characteristics, conditions, structures and processes in organizations. The following one will be derived from a model developed by Richard Scott and the guideline for case studies of the EFESEIIS project. The author of this thesis considers the model of Scott (Figure 1) as suitable for the research interest as it does not only focus on the organization and its internal processes but also highlights the environment as “an indispensable ingredient in the analysis of organizations” (Scott, 2003, p. 18). As illustrated in section 2.2, SEs in Germany have to overcome several obstacles as the corporatist establishment between the state and Free Welfare Associations is still strong, therefore it can be agreed with Preisendörfer (2006, p. 59) who underlines that the environmental conditions influence the internal characteristics of the organization to a great deal and can therefore not be neglected. Furthermore, the guideline of the EFESEIIS project by Zimmer and Bräuer (2015) supplements the model of Scott by a third aspect specific to the topic of social entrepreneurship: the analysis of the social entrepreneur. This addition takes account of the Social Innovation School, who stresses the decisive role of the social entrepreneur as an innovative change-maker. However, as the research questions aim more on the obstacles and chances posed by the environment, this shall not be the focus of the organizational analysis.

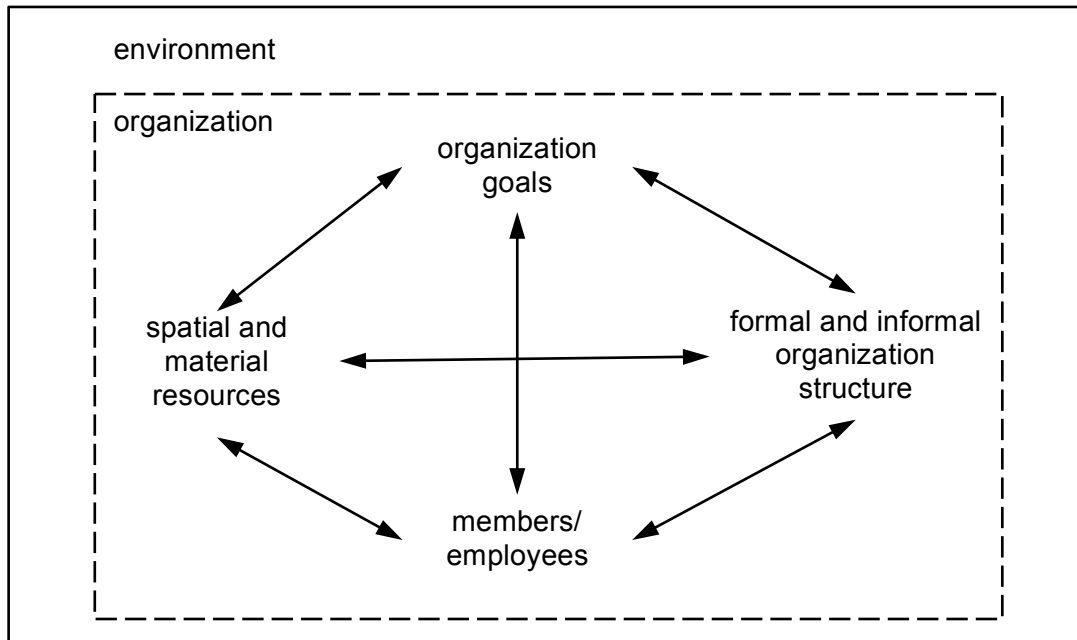


Figure 1: Model of Organizational Analysis, on the Basis of Scott 2003, p. 18.

In detail, the organizational analysis will proceed as follows: First, the basic elements of the organization will be taken into focus in order to get a clear understanding of the organization's internal processes. Although, the environment is the focus of this thesis, omitting the organizational features is not possible as only the sound knowledge of these allows the author to draw conclusions on its environment. In relation to this, the model (Figure 1) proposes to highlight the organization's goals, members and employees, spatial- and material resources and the formal and informal structure. Due to the theoretical findings, these will be slightly modified to result in the following five categories: Relating to the organization goals, the category mission and services will show how the organization tackles the problem of unequal chances in the German education system. Further, the history and development of impact will be traced in order to show to what extent the goals have already been achieved. Also its legal form and organizational structure will be depicted for instance to give first hints whether it might suffer from the narrow understanding of SEs by the government. In addition, its personnel and the social entrepreneur will be presented to demonstrate who works in the organization and for what reason. Relating to the spatial and material resources, the financing of Chancenwerk will be illuminated, too. As we have seen in the theoretical chapter on the financial environment (2.2.3) SEs finances are strongly linked to the ecosystem. However, it is advisable to depict this already as a basic element of the organization as it facilitates the understanding of the following sections. So, based on the theoretical findings, this category will sketch Chancenwerk's funding sources.

Second, it will be shed light upon the environment. On the basis of the environment identified for SEs in Germany, the adaptation and integration of the organization will be

analyzed (Table 1). In detail, with the exemption of the relevant financial landscape which is already part of the basic element of the organization, this will be largely done following the structure and findings of the theory chapter. However, beforehand the geographical peculiarities will be analyzed. This takes account of the theoretical finding that SEs in the German context are mostly active locally as they often develop out of a local demand and have problems to scale up. One of the factors hampering the scaling-up of SEs is that other organizations see them as competitors. Such competitors are the old players namely, the organizations of the Free Welfare Associations which are still dominant in social services. Because of this dominance, SEs seem to establish themselves in niches where less competition is present. However, as hinted in 2.2.5, the policy field of education is not a classical field of social service provision. For this reason the category of the welfare state set-up shall show which organizations are Chancenwerk's competitors, how it positions itself in relation to them and based on these findings it shall be concluded whether the analyzed organization is indeed active in a niche. Further, in relation to the theoretical section on the support by political elites (2.2.2), the political ecosystem of Chancenwerk will be analyzed, to show whether also in the given case the financial support is low, while non-material appreciation is increasing. Last but not least, as the theory and probably the analysis of Chancenwerk's integration in the welfare state set-up and political environment might have revealed that it is hard to survive for the SE, the paragraph on supporting and partner organizations was chosen to show, whether it makes use of the rich network of other organizations promoting social entrepreneurship depicted in 2.2.4 and how it benefits from those organizations.

Finally, in the last part of the organizational analysis, the results from the examination of the organization and its environment will be taken together and scrutinized anew focusing on the obstacles and chances the specific organization faces in the German welfare state. Having analyzed these obstacles and chances in relation to the challenges that face SEs in general, namely the dominant position of the corporatist set-up, financing problems due to various reasons and the rather narrow SE understanding of policy makers, it will be possible to deduce strategies the organization employs to survive.

Table 1: Core elements for organizational analysis.

Organizational Analysis	
The Organization	<ul style="list-style-type: none">• Mission and Services• History and Impact Development• Legal Form and Organizational Structure• Personnel• The Social Entrepreneur• Financing
The Environment	<ul style="list-style-type: none">• Geographical Peculiarities• The Welfare State Set-up: Competing Organizations• The Relevant Political Ecosystem• Supporting and Partner Organizations
Analysis	<ul style="list-style-type: none">• Obstacles• Chances• Strategies

4 Organizational Analysis

The following chapter will focus on the analysis of the organizational features. In detail, it will first highlight the basic elements of the organization, second, the environment of Chancenwerk will be scrutinized. In a third step, the results will be taken together to evaluate the obstacles and chances that Chancenwerk encounters in the German welfare state.

4.1 The Organization

As explained in the previous chapter (3.5.), due to theoretical considerations the analysis of the internal features of the organization will be divided into the following categories: Mission and services, history and impact development, legal form and organizational structure, personnel, the social entrepreneur and the financing of the organization.

4.1.1 Mission and Services

Chancenwerk tackles the problem of low chances in the German education system for children with a weak socio-economic or migratory background which was presented in the theory chapter 2.2.5. This is revealed by the latest annual report (Chancenwerk, 2015c, p. 4) which clearly states Chancenwerk's mission: Pupils shall live up to their full potential regardless of their parents' financial status. Their socioeconomic or possibly migratory background shall not impede educational perspectives (Chancenwerk, 2015c, p. 4). In order to reach this goal, Chancenwerk (2015a) provides various services, but the "Learning

Cascade” (Lernkaskade) is the focus: University students support senior class pupils with tutoring in subjects which are problematic for them. In groups of six they receive tutoring once a week for 90 minutes. Instead of spending money for this service, these senior class students help younger pupils once a week for 90 minutes with their homework. They are supervised by one university student. In contrast to the older pupils, the younger students have to pay a membership fee for this service, for which they can visit this homework support twice a week. However, ten Euro per month is still relatively low in comparison to average tutoring fees which are 130 Euro per month for the same duration (Bertelsmann Stiftung, 2010, p 18). In every school one university student functions as a school coordinator who is responsible for organizational tasks such as the dialogue with teachers, parents, pupils and students, but also the recruiting and management of students (Chancenwerk, 2015a).

All students and senior class pupils receive training on topics such as role perception, teaching, competencies and learning strategies. For this purpose, Chancenwerk established its own training center, the “Chancenwerk Academy”. It shall ensure that they are well prepared for their tasks and that the quality of tutoring is high. The “Chancenwerk Academy” is run in cooperation with the training company “Relaction¹³” (Chancenwerk 2015a).

Recently, a second service was established: “ChancenWORK” (Chancenwerk, 2015b). It operates on the same model as the learning cascade. Chancenwerk cooperates with firms to the way that trainees become job tutors and go to schools, where they act as role models for pupils of class 9 and 10. These job tutors share impressions on their vocational training and working life and improve the pupils’ knowledge on application procedures. In this program Chancenwerk offers different modules¹⁴ which can be adjusted as necessary (Chancenwerk, 2015a). From the perspective of Chancenwerk, this program is attractive for firms because it promotes the soft skills of their trainees (Chancenwerk, 2015b). Chancenwerk provides also leisure activities for pupils and students. For instance, there are teambuilding events such as an annual trip to an amusement park for children and youngsters (Chancenwerk, 2014b, p. 13). In addition, students can attend regular’s tables for every city or huge teambuilding events with members of the whole organization (Şerife Vural, personal interview, 12.05.2015).

To be an attractive offer for all three – university students, senior class pupils and younger pupils – the organization provides several rewards and services: First, university

¹³ Further information see <http://www.unternehmen-reflection.de>.

¹⁴ These modules are: 1) Perspective on vocational training, 2) My strengths, 3) Etiquette in Working Life, 4) Living expenses, 5) Support in the Application Procedure, 6) Career Days.

students can receive various rewards for their engagement. These range from financial rewards to the certification of voluntary work. As Chancenwerk cooperates with several universities, also credit points for their studies are possible. Second, senior class pupils take advantage of the learning cascade as they receive tutoring without spending any money, as they also receive training in the “Chancenwerk Academy”. The same can be said for the trainees of firms in the “ChancenWORK” program (Chancenwerk 2015a).

4.1.2 History and Impact Development

Chancenwerk was founded in 2004 (Chancenwerk, 2015d). It aimed at helping migrant children to integrate in Germany, to improve their educational opportunities and their employment perspectives. For this reason the founder Murat Vural and his friends offered tutoring for pupils. However, Chancenwerk’s focus shifted over the years. The founders realized that not only the origin, but also the socioeconomic status of the family impede a child’s educational opportunities. Therefore, the program was opened to all children of the cooperation schools (Şerife Vural, personal interview, 12.05.2015)¹⁵.

Concerning the impact, a continuous growth can be attested (cf. appendix Figure 2 and 3). This is surely due to the fact that from 2006 onwards the founder was an Ashoka fellow and received counseling on how to set-up a professional organization, for example McKinsey developed a business plan. Starting in one school reaching 43 children in 2004 (Chancenwerk, 2015d), Chancenwerk is active in twenty-two cities with over forty schools in 2015. (Murat Vural, personal interview, 17.08.2015). 2400 pupils receive tutoring by more than 230 students. Particularly noteworthy is that from 2010 to 2011 the amount of reached pupils and schools has more than doubled. This can be explained by the fact that at this time, Chancenwerk was not only a voluntary project anymore, but that two salaried employees, one of those Murat Vural, were hired. (Chancenwerk 2015d). In 2015, the organization is expanding to the south-German region Baden-Württemberg with the cities Mannheim and Stuttgart and deepening its activities in the Rhine area by introducing it to schools in Düsseldorf. In the near future, meaning in the next two years, the executive director Murat Vural plans to double the amount of reached pupils and schools. This shall be achieved by implementing it in several cities in Lower Saxony and probably Eastern Germany (Murat Vural, personal interview, 17.08.2015). The long-term goal is to see Chancenwerk in all German cities (Şerife Vural, personal interview, 12.05.2015). From this

¹⁵ A detailed description of the history can be found in appendix a.

information it can be concluded that by broadening its target group and continuously increasing its impact, Chancenwerk is on a good way to make a contribution to solve the problem of inequality of chances in the education system, yet it stays questionable if its growth can proceed so seemingly easy in the future.

4.1.3 Legal Form and Organizational Structure

The following subchapter will elaborate on the legal form and structure of the organization to give first hints how this might affect the organization's eligibility to government support schemes. Chancenwerk has the legal status of a registered association. According to its statute, it follows a public benefit purpose and is therefore in accordance with the German Fiscal code tax-privileged (Chancenwerk, 2015a). Nevertheless, Şerife Vural mentions that this was not the reason for choosing this legal form, as the founders were relatively uninformed on the topic of social entrepreneurship (Şerife Vural, personal interview, 12.05.2015). Instead, in Germany an association needs seven people to be established. Murat Vural underlines that it was important to him, that there are seven people supporting him and the idea of Chancenwerk (Murat Vural, personal interview, 28.05.2014). As the given legal form is not a company statute, it might be difficult for the organization to receive government funding which is dedicated to this legal form. However, this will be illustrated in detail in the chapter on the environment.

Concerning the regional structure, Chancenwerk is divided into four regional offices in Castrop-Rauxel (for the Ruhr area), Cologne (for the Rhine/Main area and Baden-Württemberg), Munich (for Berlin and Bavaria) and Bremen. The office in Castrop-Rauxel is also the headquarter. Each regional office is managed by a regional coordinator. Next to them, there are educational coordinators at every regional office who do the operative work with schools. Finally, there is the executive chairman Murat Vural and an executive team consisting of him and four other members inter alia Şerife Vural (Murat Vural, personal interview, 17.08.2015). This executive team carries out nationwide tasks such as quality management, project development and the acquisition of new locations and schools. In addition, there are three voluntary bodies: the members' general assembly, the directorate and the economic advisory council (Chancenwerk, 2015c). Further, two consultants coach the economic advisory board (Chancenwerk, 2015a).

4.1.4 Personnel

The following analysis on the personnel will be guided by the question who works for Chancenwerk and for what reason. The employment structure consists of voluntary and salaried personnel. According to the annual report of 2013, twelve persons work salaried at Chancenwerk (Chancenwerk, 2015c). Many of them have both, regionally focused and

supra-regional tasks. They are mostly female and relatively young. In contrast to this, the voluntary directorate and economic advisory board with its coaches altogether consist of ten people. They are predominantly male and young to middle-aged (Chancenwerk, 2015a). Murat Vural has a double function, as he is the executive chairman and also part of the directorate. Furthermore, 213 students work voluntarily or as freelancers for Chancenwerk (Chancenwerk, 2015c). Moreover, following the organization's own statements, hierarchies are flat and there is no bureaucracy. Important decisions are discussed by the executive team based on input of pedagogic coordinators, whereas everyday decisions are taken independently by employees (Murat Vural, personal interview, 17.08.2015). The impression of flat hierarchies could be confirmed, when visiting the headquarters. Employees address each other as well as the manager informally and there is an open-door policy.

Concerning the staff recruitment, the Murat Vural highlights that employees should have a relationship to the topic: "I always look for the affected ones which have experienced something in the past and now have a reason to change this"¹⁶ (Murat Vural, personal Interview, 28.05.2014). They have to be passionate and enthusiastic, not only interested in the topic because it is fashionable. According to him, this makes them able to think entrepreneurial and at the same time link this to a social topic. In the point of view of Murat Vural, this special quality of employees is also the corporate culture of Chancenwerk. However, employees do not stress that much, that their personal experience is a reason for working at Chancenwerk. Instead a radio interview with a pedagogic coordinator reveals that she likes working with the organization because it combines different fields of work, in her case pedagogic and organizational tasks. She even moved into a distant region of the country (CT das Radio, 2014). Subsequently, the diverging statements reveal that Chancenwerk is a quite attractive employer, but for varying motives.

4.1.5 The Social Entrepreneur

Following the Social Innovation school of thought, the social entrepreneur is often examined separately from the social enterprise. To round up the analysis of the organization itself, this will also be done in the given case focusing on his or her own understanding of a social entrepreneur and motivation. Apriori, it has to be clarified who is the social entrepreneur. In interviews or conferences on social entrepreneurship, mostly the managing director Murat Vural is presented as the founder of Chancenwerk. Especially the fact that Ashoka chose Murat as one of its fellows underpins that Murat Vural is the decisive figure.

¹⁶ „Also ich suche immer die Betroffenen, die irgendwo in der Vergangenheit etwas erlebt haben und jetzt einen Grund haben, das zu ändern.“

Yet, it has to be considered that Chancenwerk was not solely set up by Murat Vural. In fact, the idea came from his sister Şerife Vural (Chancenwerk, 2014b). But why did Ashoka choose Murat and not Şerife as a fellow? According to Şerife (personal interview, 12.05.2015), Murat Vural was much more present and the public promoting Chancenwerk. Further, she is of the opinion that he has entrepreneurial and strategic skills. Especially, this entrepreneurial spirit is one of the five criteria an Ashoka fellow has to fulfill (Ashoka, 2015b). Besides, it is interesting whether he considers himself as a social entrepreneur and what a social entrepreneur is for him. Murat Vural (personal interview, 28.04.2015) formulates that for him social entrepreneurs are not only those that have been named Ashoka fellows, but many more. He considers everybody who “solves a social problem entrepreneurially” as a social entrepreneur (Murat Vural, personal interview, 28.04.2015). Moreover, the social entrepreneur does not try to make himself superfluous, just the problems he encounters. Nevertheless, it is most important for him, that the person is personally affected by the problem. However, he did not consider himself a social entrepreneur from the start. Only when Ashoka told him in an interview in the course of the selection process in 2006 he became aware of himself as one.

Despite having no entrepreneurial or civic engagement background, Şerife and Murat Vural’s own personal affection is the reason for founding Chancenwerk in 2004 (personal interview, Murat Vural, 28.04.2014): Murat Vural and his sister were born in Germany to Turkish migrants. Not speaking the German language that well, both had problems in school and attended the lowest form of secondary school “the Hauptschule”. Despite few support by their teachers, they both managed to attend university. Murat Vural did a Ph.D. in electrical engineering and Şerife Vural studied social pedagogy¹⁷. Due to their personal difficulties and because they saw that many of their friends lacked the motivation and self-esteem to succeed at school, they started Chancenwerk.

4.1.6 Financing

Several costs arise for Chancenwerk throughout the year. Next to the costs for the salaried personnel, Chancenwerk has to pay travel, training and occupancy expenses (Chancenwerk, 2015c, p.23). One school costs 20.000 to 23.000 Euro per year which is mostly invested into students on a contract basis. In order to pay these costs, it generated revenue of one million Euro in 2014, (Murat Vural, personal interview, 17.08.2015). As the

¹⁷ For a detailed description of their personal history, take a look at the appendix b.

results of the MEFEOSE study show that only 30 percent of SEs gain a revenue of one million or more, Chancenwerk is obviously quite large in comparison to others. Applying the division of Achleitner et al. (2007, p. 14) into internal and external financing the funding structure of Chancenwerk can be characterized as follows:

On the one hand, its tax-privileged status, can be seen as an internal financing instrument. Moreover, internal financing is provided by the Federal Ministry for Labor and Social Affairs in the form of compensations for tutoring children eligible for the educational package (“Bildungspaket”) since 2012 (Murat Vural, personal interview, 17.08.2015). These are grants provided for needy children from low-income families to prevent social exclusion. Among other services, 45 minutes of learning support per week by an external provider - in this case Chancenwerk - are financed if the child is at risk of repeating a school year (Bundesministerium für Arbeit und Soziales, 2015, p. 6). However, until recently these made up only one percent or less of Chancenwerk’s total revenue¹⁸ (Şerife Vural, personal interview, 12.05.2015). Therefore, the organization is very eager to increase this financing source and is already applicable to these compensations for its services in twenty cities (Murat Vural, personal interview, 17.08.2015). However, according to Murat Vural (personal interview, 17.08.2015) this is rather difficult as there are several actors, i.a. local authority, employment office, involved and it is often not clear which of those actors is in charge of every individual child. To deal with this, Chancenwerk employs one member of staff who is solely engaged with it. This reveals the high administrative effort and bureaucracy linked to this financing source.

Furthermore, another source of internal financing are also membership fees constituting 15 percent of the revenue (Şerife Vural, personal interview, 12.05.2015). The pupils of grade five and six have to pay a membership fee of ten Euro per month (Şerife Vural, personal Interview, 12.05.2015). Compared to other tutoring institutions costing between 62,5 and 130 Euros for per month (Bertelmsann Stiftung, 2010, p 18), this is rather low. Both, the revenue generated by compensation for public services and membership fee make up only a minimal share of the organization’s funding, therefore the external financing seems to be far more significant.

According to Murat Vural (personal interview, 28.04.2014), donations of private foundations constitute on average 70 percent of the organization’s annual revenue and donation’s of CSR funds of firms contribute further 15 percent. The support of both, CSR funds of firms and private foundations, is mostly regional as they sponsor schools in their

¹⁸ For a graphic display of Chancewerk’s revenue see Figure 4 in the appendix.

local surrounding. Without the donations of foundations and firms, Chancenwerk had to increase the membership fees for the young pupils which would than be around 40 Euro (Murat Vural, personal interview, 28.04.2014). Therefore, before opening up a new school location, the organization has to engage in excessive fundraising activities: Regional coordinators are responsible for the fundraising in their schools. They scan the local environment for possible firms and foundations. Then they try to establish a personal meeting via the already existing contact persons of other firms and foundations. Information material consisting of presentations or leaflets is already prepared. However, it is very important that the fundraiser does not follow an one-fits-all-approach, but that the presentation is tailored for the specific firm or foundation (Şerife Vural, personal interview, 12.05.2015). By employing this fundraising model, in 2013, Chancenwerk could win new foundations and reach a nearly equilibrium annual result (Chancenwer, 2015c, p. 23). However, it also shows that Chancenwerk generates only very little own revenue by membership fees and is dependent on donations of private foundations. In order to reduce this dependency, the organization tries to increase the contribution of CSR funds of firms (Şerife Vural, personal interview, 12.05,2015). Furthermore, it is questionable whether the donations of some private foundations and CSR funds of firms can be considered as venture philanthropy. Initial evidence for this concept can be seen, as one representative of a private foundation and one of a company trust are members of the economic advisory board (Chancenwerk, 2015a). In this way they support with their expertise and networks the organizational structures in the long run.

Next to this, Chancenwerk receives material assistance and pro bono support. For example, several firms provide room for the regional offices of Chancenwerk in their own facilities. According to Murat Vural (personal interview, 28.05.2014), this is advantageous because it creates a good connection to the firms because employees of the supporting firms can visit Chancenwerk whenever they like. Nevertheless, it is questionable whether Chancenwerk can stay independent by firms' influence. For this reason, the headquarters in Castrop-Rauxel is still not sponsored by firms (Murat Vual, personal interview, 28.05.2014). Furthermore, Chancenwerk received also manifold awards, some of these bestowing price money between 1.000 and 10.000 Euro. However, taking into account that only a few awards provide price money, this cannot be seen as a significant founding source. Also fellowships such as Murat Vural's Ashoka fellowship can be seen as financially advantageous as a three-year scholarship from Ashoka enabled him to quit his regular job and concentrate fully on the establishment of Chancenwerk. Ashoka, but also "Reflection", who coordinates the "Chancenwerk Academy", provide the organization with pro bono support (Annual Report, 2012). Besides, as illustrated in subchapter 4.1.4, Chancenwerk relies heavily on voluntary engagement, which can be seen as a financing source. So it cooperates with universities, for

example the universities Cologne, Bochum and Witten/Herdecke. (Chancenwerk, 2015a). Those universities provide Chancenwerk with student volunteers.

In total, it becomes clear that Chancenwerk is heavily depended on donations of foundations and to a smaller share firms which is typical for SEs in Germany. Yet, the finding of the MEFEOSE study, that large SEs are financed to a great extend by public funds, cannot be observed in the case of Chancenwerk yet. However, as it aims at increasing compensations by the educational package, this might become true in the future.

4.2 The Environment

As the relevant financial ecosystem has been already elaborated under the aspect of financing, the following paragraph will depict the geographical peculiarities, the competing organizations in relation to the welfare state set-up, the political ecosystem in the field of activity as well as supporting and partner organizations. As already circumstantiated in the method of the organizational analysis (3.5.) these areas were chosen because certain expectations come along with them from the theoretical discussion. Therefore, each category will start with a brief reminder what is expected for German SEs in general, and then it will be analyzed what happens in the given case and why the SE under study might deviate from this or not. Later, this will help to give a well-grounded analysis of the obstacles and chances the given SE faces.

4.2.1 Geographical Peculiarities

In the case of geographical peculiarities, theory has shown that SEs are mostly active locally as they often develop out of a local problem. In this case, it has already become clear by the description of its organizational structure that Chancenwerk is not concentrated in one location anymore. However, its first establishment in Castrop-Rauxel, a former coal mining town in the Ruhr area of NRW might have been no coincidence and at first sight confirm the assumption that Chancenwerk was dedicated to a local problem. Castrop-Rauxel attracted many immigrant workers after the second world war. Still in 2013, the percentage of people with a migratory background in NRW is with 24,5 percent relatively high, as it is above the German average (Information und Technik NRW, 2015). Moreover, the percentage of children with a migratory background is even more striking: In NRW, every third child below the age of fourteen has a migratory background (Städte- und Gemeindenbund NRW, 2014). Alike most towns in the Ruhr area of Germany, also Castrop-Rauxel faces a severe budgetary crisis (Ruhr Nachrichten, 2014) and the unemployment rate is with 10.7 percent higher than in the rest of NRW (8.1 percent) and in Germany in total (6.3 percent) (Bundesagentur für Arbeit, 2015). Therefore, it can be concluded that there was a good connecting factor for Chancenwerk. However, as the organization is nowadays active in

various German cities, which are not as deprived, such as Munich or Hamburg, it may be derived that the average socio-economic status or migratory background of its inhabitants is not that pivotal. Instead, relating to the findings from chapter 2.2.5, it can be assumed that the problem Chancenwerk tackles is not locally concentrated, but present throughout all of Germany. This might be an important reason why scaling-up fast was possible for Chancenwerk. Yet, one factor often mentioned hampering the scaling-up process of SEs is the strong presence of competing organizations. So, the following paragraph will take a look at these.

4.2.2 The German Welfare State Set-up: Competing organizations

In the theoretical discussion on SEs in relation to the German welfare state, it is assumed as a major obstacle for SEs that, especially in the provision of social services, the corporatist set-up between the state and the traditional providers of the Free Welfare Associations is still well in place and a major competitor of SEs. Therefore SEs tend to establish themselves in niches without challenging the traditional welfare set-up. However, as explained in 2.2.5, the field of education is not a classical field of social service provision. Taking this into account, the following subchapter will first identify the actual competitors of Chancenwerk and analyze its position in relation to them. Finally, it will be concluded whether Chancenwerk is actually active in a niche.

As Chancenwerk offers tutoring and assistance with homework, the tutoring market can be seen as its field of action. This market is a rather huge as, for instance, a study by the Bertelsmann Stiftung (2010, p. 14) depicted that 19.1 percent of German fifteen-year-olds received external tutoring in mathematics in 2003. Possible competing organizations are profit-oriented nationwide tutoring providers such as the two biggest ones “Schülerhilfe” and “Studienkreis” or smaller organizations and online portals that act as a broker for offers by students and others. One example of those is “Studenten für Schüler”. Furthermore, there are also small and regionally concentrated non-profit organizations with similar concepts as Chancenwerk focusing on the integration and education of migrant children such as “Hevi e.V.” in Aachen. Finally, also the Free Welfare Associations provide various tutoring offers in their regional offices.

Focusing on the costs for the first and second ones, the study by the Bertelsmann Stiftung (2010, p. 18) demonstrates that the average costs for professional providers such as “Schülerhilfe” and “Studienkreis” for twice 90 minutes per week are 130 Euro per month. Additionally, an entrance fee has to be paid. Private offers by older pupils, students or retired teachers, are often only frequented once per week for 90 minutes, but on average they are not cheaper with 62,5 Euro per month (Bertelsmann Stiftung, 2010, p. 18). For example,

“Studenten für Schüler” costs eleven Euro per 45 minutes (Studenten für Schüler, 2015). The association Hevi offers tutoring for free (Hevi, 2015). The offers by the Free Welfare Associations are very diverse. Spot checks show that most offices use compensation from the educational package. So the prices are quite low, ranging from free of charge offers to ten Euro per month (AWO Oberhausen, 2015; Caritas Mühlheim, 2015; Deutsches Rotes Kreuz, 2015). All prices, except those for “Studenten für Schüler”, refer to tutoring in groups. For the two biggest providers, these groups consist of three to five people, whereas “Hevi” and Chancenwerk prefer to help in groups of two (Studenten für Schüler, 2015; Hevi, 2015; Chancenwerk, 2015b).

Moreover, there is no legal framework for the tutoring market in Germany that controls the qualification of tutors or the content (Dohmen et al., 2008, p. 58; George, 2010, p. 285). For this reason, practically everybody can open a tutoring institution. Although, the two biggest providers have been voluntarily tested by certification companies such as “TÜV” or “RAL” (Schülerhilfe, 2015; Studienkreis, 2015), this is not widely disseminated. So neither, “Studenten für Schüler” nor “Hevi” nor the offers of the Free Welfare Associations are certified as a tutoring institution. (AWO Oberhausen, 2015; Caritas Mühlheim, 2015; Deutsches Rotes Kreuz, 2015; Studenten für Schüler, 2015). Also in the case of Chancenwerk external evaluation, for example through the quality label of PHINEO indicating that the organization has a social impact, is missing. As a subcategory of this, the qualification of teachers can be scrutinized. Whereas “Schülerhilfe” (2015) and “Studienkreis” (2015) advertise that they employ qualified teachers, it does not become clear what is meant by their qualification. In case of the other two organizations, the people in charge are students, but also adults (Hevi, 2015; Studenten für Schüler, 2015). In case of the traditional organizations the teaching staff varies between volunteers and professionals (AWO Oberhausen, 2015; Caritas Mühlheim, 2015; Deutsches Rotes Kreuz, 2015). Thus, most providers lack transparency and services are difficult to compare (Dohmen et al., 2008, p. 58). In order to stress transparency and the quality of their tutors, Chancenwerk does internal evaluation in cooperation with a psychologist from the university of Duisburg-Essen and is engaged in quality management that controls the implementation of the learning cascade in schools (Şerife Vural, personal interview, 12.05.2015). Şerife Vural stresses (personal interview, 12.05.2015) that scientific internal evaluation helps them to confirm foundations and firms to provide support. Also the “Chancenwerk Academy” qualifies the students and older pupils for their task. Further, Chancenwerk stresses its trustworthiness by employing social impact reporting standards for its annual reports (Chancenwerk, 2011; Chancenwerk, 2014b; Chancenwerk, 2015c).

Another point of comparison is the contact and cooperation with schools as this can be seen as an advantage for organizations as they do not have to invest in advertisement. But also as an advantage for children and parents from educationally deprived groups as they might not have been in contact with external tutoring before and do not know whom to choose or that it exists at all. Next to Chancenwerk, other organizations cooperating with schools are "Hevi" (Hevi, 2015) and most offices of the Free Welfare Associations (AWO Oberhausen, 2015; Caritas Mühlheim, 2015; Deutsches Rotes Kreuz, 2015).

Evaluating Chancenwerk's position in the market in comparison to these competing organizations, it can be derived that the organization scores good results in the categories of group size and cooperation with schools. However, much more decisive for the target group of children and parents with a socio-economically weak background, is the price. With ten Euro per month and no entrance fee, this is significantly less than the private offers. Only the charitable providers of "Hevi" and the traditional Free Welfare Associations offer affordable tutoring for this group, too, and can also compete with Chancenwerk in terms of group size and cooperation with schools. However, "Hevi" and the local offices of the traditional welfare organizations differ from Chancenwerk, as they cannot provide features of a rather professional organization such as reach and quality management. In terms of the traditional welfare providers, it refers to the fact that every single office provides different offers and a geographically dispersed overall concept is missing. In terms of this, Chancenwerk is able to keep up with the big commercial providers. However, it can be seen critical that although Chancenwerk engages strongly in internal evaluation to be attractive for possible donors, it lacks external evaluation which could show its impact in comparison to other tutoring providers.

Referring to the question whether Chancenwerk was established in a niche, on the one hand, it can be argued that the dominance of the corporatist set-up is missing in the tutoring market as it is not a classical field of social service provision which would back the argument that there is in fact a market gap. On the other hand, numerous private and nonprofit providers are active in the tutoring market. Additionally, the traditional Free Welfare Associations are not fully absent and they are obtaining funds from the same financing source as Chancenwerk, namely the educational package. This shows that also in this action field the political elites prefer to work with the traditional providers. Therefore, in the case of Chancenwerk it can be brought forward that it is not active in a niche at all. In the next paragraph, the support by political elites will be addressed further.

4.2.3 The Relevant Political Ecosystem

In reference to the theoretical discussion which demonstrated that SEs in Germany are hampered by lacking financial support by the political elites, but receive increased recognition from them, the following section will present to what extent Chancenwerk perceives support from the political level. However, as the financial support by the political ecosystem, namely compensation from the educational package and tax-benefits, have already been mentioned in the chapter on financing (4.1.6), the following paragraph will focus more on how this financial contribution is perceived by Chancenwerk and why the other available funds by the government were not granted. Further, the non-financial commitment provided by political elites will be illustrated in reference to the findings from theory.

From the perspective of Murat Vural (personal interview, 17.08.2015), the political support is perceived as not existent. Although the organization forwarded a couple of requests to the state and federal level it did not receive any positive answer. So the employees were quickly demotivated and turned to other financing sources. One of those is the educational package. Nevertheless, Murat Vural does not consider the financial contribution of the educational package as a real support for social entrepreneurship: “We do not receive that because anybody likes it [the project]. We receive the money because the parents are entitled to this service. [...] There is a political decision, a federal law and it applies to all, hence it has nothing to do with Chancenwerk or the children”¹⁹ (Murat Vural, personal interview, 17.08.2015). However, from a more objective point of view, it can be said that the educational package does not support social entrepreneurship directly, but it does directly aim at the main target group of Chancenwerk and especially includes children with migratory background.

Moreover, the funding program by the state-owned Development Loan Corporation fails because it requires a company statute with the legal form of a GmbHs, gGmbHs or gAGs. Chancenwerk as a registered association is not applicable to the program. Further, the organization was also not among the four SEs which are guaranteed direct financial support by the Ministry for Family Affairs. This is quite striking as the social entrepreneurs of all of these organizations are Ashoka fellows like Murat Vural. So, it is not really clear why these SEs and not Chancenwerk was chosen. However, it can be assumed that these four

¹⁹ „Die Eltern haben das Recht das abzuholen. Also wir bekommen das Geld nicht, weil irgendjemand das gut findet. Wir bekommen das, weil die Eltern das Recht haben auf diese Leistung. Das ist etwas anderes. Da gibt es eine politische Entscheidung, da gibt es ein Bundesgesetz und das gilt für alle, hat also mit Chancenwerk erstmal oder den Kindern nichts zu tun.“

SEs had the right networks which were detected as a key to resources in the German environment.

Relating to the non-financial support, the organization won two awards promoting social entrepreneurship in the name of the federal government. One of those is the aforementioned “startsocial competition” (Chancenwerk, 2015a). 100 awardees receive consulting scholarships with a duration of four months and can profit from a wide network (Startsocial e.V., 2015) However, in financial terms business companies sponsor the competition. The other award is a prize of the joint initiative “Germany – country of ideas”²⁰ of the federal government and the Deutsche Bank (Chancenwerk, 2015a), which is also the financial sponsor of the award. Moreover, since the tenth anniversary of Chancenwerk, German Minister for Family Affairs Manuela Schwesig, is patron of the organization (Chancenwerk, 2015a). It shows also her recognition Chancenwerk’s work. Still, more importantly the patronage demonstrates that the valuable contribution of social entrepreneurs to the problem of lacking equality of chances has been recognized and appreciated on the federal level. This patronage, however, is not linked to financial aid as well, but makes a contribution to the reputation and marketing of Chancenwerk. However, as Manuela Schwesig is patron of several organizations and initiatives, the marketing effect for Chancenwerk may be limited.

Concerning the local public support, social entrepreneur Vural describes the contact to the mayors and local officials as not existent, especially in the Castrop-Rauxel, the hometown of Chancenwerk, he is not in close contact with the mayor. However, in other cities, private foundations were able to establish the contact to the local authority (Murat Vural, personal interview, 28.04.2014). The reason for that might be found in the theoretical discussion of this thesis, namely that local decision makers count on the reputation and have a critical attitude towards seemingly risky projects. Thus leading figures of private foundations - especially if they are well connected - will find a partner on the local level more easily.

Summarized, the public support for Chancenwerk is scarce on the local and federal level und not existent on state level. However, the patronage of Family Minister Schwesig and the two awards underline the theoretical findings that the contribution of social entrepreneurship has been recognized as valuable. Nevertheless, as expected for SEs in

²⁰ From 2006 to 2012 this initiative has rewarded 2500 projects that make a lasting contributions to Germany’s future recognition in the world. For further information see: <https://www.land-der-ideen.de/en/365-selected-landmarks/365-landmarks-land-ideas-competition>

Germany, there is nearly no financial aid. The reason for this is, according to Murat Vural, that the political authorities do not see a market gap that has to be bridged by Chancenwerk (Murat Vural, personal interview, 28.04.2015). His opinion can be affirmed by the findings of the previous paragraph on competing organizations (4.2.2), as it showed that the tutoring market is densely populated with several providers, among those the organizations of the Free Welfare Associations which in this respect are the preferred partners of the political elites. Nevertheless, despite the lacking financial support by the government, Chancenwerk seems to be able to survive in the market. One of the reasons for this might be the help of partner organizations which will be presented in the next section.

4.2.4 Supporting and Partner Organizations

As the last sections have revealed, Chancenwerk was able to scale up despite strong competitors in the tutoring market and low support by the political environment in financial terms. So, one reason for this might have been, that – as theory has shown - there is a huge amount of supporting and partner organizations providing counseling, infrastructure, networks and knowledge exchange which creates chances for SEs in Germany. Therefore, this paragraph shall show whether Chancenwerk makes use of such support or partner organizations and how it benefits from those.

As already mentioned, since 2006 Murat Vural is an Ashoka fellow which provides counseling for Chancenwerk. For instance, the chairwoman of the economic advisory board Angela Lawaldt is a former leading employee of Ashoka and still working in the network of SE support organizations (Bonventure, 2015). Also the two coaches Dr. Markus Freiburg and Dr. Katharina Peterwerth are affiliated with Ashoka, as Markus Freiburg is the executive director of the newly established financing agency for SEs FASE (FASE, 2015) and Katharina Peterwerth is a management consultant at McKinsey & Company (McKinsey & Company, 2012) which established a business plan with the organization in terms of the Ashoka fellowship. Furthermore, Murat Vural's status as an Ashoka fellow made the organization widely known in the scene of social entrepreneurship and provided especially Murat Vural with a rich personal network to other SEs and support organizations. This is revealed by the fact that he and other representatives of Chancenwerk are often invited to several social entrepreneurship related events which increase the prominence of the organization further. For instance, the theoretical finding that public universities engage in the topic of social entrepreneurship can also be confirmed on the example of Chancenwerk as Murat Vural was a speaker on the "Aachen Economic Forum", an annual conference by students of the university of Aachen and the "Social Entrepreneurship Academy" by Munich universities (Chancenwerk, 2015a). Also on the annual "Vision Summit" representatives of Chancenwerk are well-received guests and took part in workshops with other initiatives

engaged in the topic of education to exchange knowledge and best practices (Bildungsstifter, 2013).

This great prominence on networking events enabled the organization to engage in six partnerships with other social enterprises and civic engagement initiatives over time. Five of those are dedicated on educational aspects, whereas one is rather regionally focused. In the interview, Murat Vural mentioned that the relationship between the partners is very good because it is based on a common denominator: “we have a mission und we have common problems” (Murat Vural, personal interview, 28.04.2015). However, the following analysis of partnerships will show that they are differently developed and pursue different targets.

The first cooperation with other social enterprises was the “Social Lab” providing infrastructure and counseling for educational initiatives and SEs in Cologne. However, according to Murat Vural, Chancenwerk withdrew from the cooperation because the organizations had no common goal and there was no sponsor who could have promoted one. Moreover, it had a rather broad scope as it was intended to focus on the whole of Germany (Murat Vural, personal interview 28.05.2014; Murat Vural, personal interview, 17.08.2015). Next to the “Social Lab” Chancenwerk did not work with any other infrastructure providers supporting SEs in their starting phase such as the “Social Impact Lap” or “Impact Hub”. As identified in the theory section these hubs or labs are not attractive for all SEs as social entrepreneurs have to work on-site. This is also the case for Chancenwerk, as in the starting phase of Chancenwerk there was no such center available in the immediate surrounding of Castrop-Rauxel and currently the organization is so developed that it can provide an own headquarter or takes residence in the facilities of sponsoring firms.

Furthermore, having learned from the failed cooperation with the “Social Lap”, Murat Vural initiated the project “Bildung als Chance” with the Haniel Foundation. It combines the three educational initiatives Apeiros, Teach First and Chancenwerk in schools in Duisburg²¹ (Haniel Stiftung, n.d.). Additionally, Ashoka supports the project as an advisor and moderator. Also the city of Duisburg offers aid for the project (Murat Vural, personal interview, 28.05.2014). In contrast to “Social Lab” it is regionally focused on Duisburg and can be seen as a collective impact²² initiative. This is due to the fact that several partners

²¹ For example, one pupil shall profit from the cooperation project in several steps: First, Apeiros helps persistent truants and reintegrates them into the school system. Second, Teach First offers a contact person and confidant to the pupil. Finally, Chancenwerk supports the pupil by tutoring (Haniel Stiftung (n.d)).

²² According to Kaina and Kramer (2011) collective impact is „the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem“. They define five criteria for collective impact initiatives to fulfill: „ a common agenda, shared measurement systems, mutually reinforcing activities, continuous communication, and backbone support organizations“.

pool their efforts in one school in one city. Furthermore, taking into account that the municipality of Duisburg offers financial support, as well, it can be considered as a social impact bond. So, relating to the obstacle of insufficient funding which was already confirmed for Chancenwerk above, this shows that Chancenwerk tries to broaden its financing sources by engaging in foreign capital investment schemes such as social impact bonds. Third, in order to scale up, Chancenwerk had a pilot project cooperation with the Austrian city of Innsbruck, the local university and adult education center to establish the learning cascade there (Der Standard, 2011). It can be described as a franchise because the institutions in Austria did the implementation. Although, schools and students reacted enthusiastically, the partnership was not prolonged. Chancenwerk names as reasons for the cessation that the communication between Chancenwerk and the employees of the Austrian organizations did not go that well (Murat Vural, personal interview, 17.08.2015). But also that Chancenwerk could not spend money in Austria due to its non-profit status (Murat Vural, personal interview, 17.08.2015). This is evidence for the obstacle of a missing common understanding of SEs in Germany. As SEs operate under various legal forms, they also come under different tax regulations, which in this case affected Chancenwerk negatively. This might also become a problem in the fourth cooperation, which is also a franchise: Chancenwerk plans a partnership with orphanages for Romani children in Bulgaria. There, Murat Vural envisages developing some chain with Bulgarian partner organizations to implement the learning cascade in the poorest EU state. The cooperation was established via the project “Gateway to Innovation” by the Bulgarian civil society organization “National Volunteer Alliance for Voluntary Action”. With the help of the ESF, the organization organized three trips of Bulgarian experts to German social enterprises to show them best practice examples. One of these social enterprises was Chancenwerk (Verein zur Förderung bulgarischer Kinderheime, 2014).

Fifth, Chancenwerk is a member in the “Bundesverband innovative Bildungsprojekte”. It is the federal association of 27 private initiatives on educational issues (Netzwerk Innovative Bildungsprogramme, 2014) and aims at sustainable change in the German school system to reach equal opportunities (Deutsches Forum für Kriminalprävention, 2014). Finally, Chancenwerk is also engaged in a cooperation based on regional commonalities in NRW. Murat Vural and three other Ashoka partnered to improve the fundraising of their organizations. Thus, the goal of this partnership is to employ a professional fundraiser who on the one hand overcomes the obstacle of insufficient funding, and on the other hand tries to handle the obstacle of lacking political awareness by gaining influence on the state politics (Murat Vural, personal interview, 28.05.2015.). However, from an external point of view, it seems to be rather difficult for such a fundraiser to simultaneously raise money for several projects. Yet, it might be possible, as these projects differ greatly and the possible sponsor

does not feel the need to choose the one with the greatest impact. Concluding, it can be said that most partnerships are dedicated to enlarge the impact of Chancenwerk and to pool knowledge on educational issues. However, especially the last two partnerships, once on the federal, once on the state level, are dedicated to raise attention to the initiatives and gain lobbying power on the political level with the aim of improving the environment for SEs in Germany. Nonetheless, Murat Vural states that this is not the only incentive: “Pro bono, knowledge exchange. [...]If this would be only political, many would not join”²³ (Murat Vural, personal interview, 17.08.2015). In total, the given findings stress the importance of networks for Chancenwerk and that in most of these networking activities or partnerships the founder Murat Vural seems to be the decisive figure to conduct networking activities. This might be due to the strong influence of Ashoka. However, especially the fact that the majority of members in the economic advisory board and its coaches are affiliated with Ashoka can be seen critical as it arouses the question whether Chancenwerk is still independent or whether the organization’s decisions are shaped to a great deal by Ashoka.

4.3 Obstacles, Chances and Strategies

After having analyzed the specific features of the organization and its environment, these results will be taken together to point to obstacles and chances for Chancenwerk in the context of the theoretical discussion on the environment for SEs in Germany. Afterwards, strategies will be highlighted which the organization employs to survive despite these obstacles and in order to make use of possible chances.

4.3.1 Obstacles

First, the finding that the traditional corporatist welfare arrangement between the state and the Free Welfare Associations is still strong seems to be an obstacle for Chancenwerk. As mentioned in the section on competing organizations, the Free Welfare Associations are active in the field of tutoring and are making use of funds from the educational package, too. This is in line with the theoretical finding that the state relies on the traditional providers and that those might see other SEs, in this case Chancenwerk as an unwelcome competition.

Second, this strong reliance of the state on the traditional providers can also be seen as a reason for the next obstacles identified in Germany: the low financial support for SEs by political elites. In the case of Chancenwerk this is an obstacle as it does only receive little financial support by the government, namely in the form of compensation for the educational

²³ „Pro Bono, Wissensaustausch, wir machen nicht nur Politik. Also wenn es nur Politik wäre, würden viele nicht mitmachen.“

package. These compensations only correspond to one percent of the organizational funding so far. Along with these compensations goes a lot of bureaucracy which seems to disadvantage the SE in comparison to the organizations of the Free Welfare Associations, as it lacks the personnel and is not perfectly attuned to the administration as the traditional organizations are according to theory. Further, the case of Chancenwerk also shows the low financial support of the government as the few government support programs are not applicable for the SE due to its legal form. The existing funding programs are shaped by the narrow definition of SEs by Ashoka which was also identified as an obstacle for SEs in general in Germany. But particularly to understand the low financial support of government another reason seems to be essential. That is to say, that the education system in Germany is provided and administered by the state authorities and school boards which are often the municipalities. Thus, it is a highly government-centered field with a rather solid structure. As Germany has not really a start-up culture, a rather new and medium-sized SE such as Chancenwerk might not inspire the confidence of policy makers in charge of the education system.

Third, another obstacle identified was that despite the increase of appreciation by the government during the last years, a red line drawing through the initiatives of the government and a common definition incorporating SEs with several legal forms is missing. By the single case of Chancenwerk it is difficult to identify whether a red line in the initiatives of the government is missing, as the support in financial and non-financial terms is not that huge. Case studies of several SEs would be needed to draw conclusions on this obstacle. However, the given case can give clues on the lacking common definition incorporating SEs with several legal forms. Chancenwerk was not eligible to the financing program of the Development Loan Corporation due to its legal status as an association. Moreover, the problem of no common definition and several legal forms also manifested for Chancenwerk as it had problems to franchise its services in Austria due to tax regulations. Further, this shows, that the problem of a common definition and missing legal form is not only a German but a European one. On the German level, it might be easy for the government to open up its support programs to further legal forms or even create an own legal form for SEs, whereas the problem of different tax regulations across countries might only be solved by a common European legal form for SEs.

Fourth, as observed for SEs in the Germany also the financial landscape for Chancenwerk is cumbersome. Lacking noteworthy own revenues and financial contributions by political institutions, the organization is dependent on donations by private foundations and, to a smaller share, CSR funds of firms. This leads to several problems: As already detected for Germany in general, funding by private foundations or CSR funds of firms is

mostly project-oriented. In the case of Chancenwerk, this manifests itself in the fact that foundations finance one or more schools in their geographic proximity. The organizational structures of Chancenwerk are disadvantaged by this sheer project funding as foundations only rarely give money for the organization itself which would foster its sustainability. Moreover, also the several schools in the Ruhr area with whom Chancenwerk already cooperated in the founding phase without the help of foundations, stand to lose out. As the annual reports (Chancenwerk, 2011, p. 11; Chancenwerk 2015c, p. 14) indicate, the cooperation with these schools had to be stopped, as no financiers could be found for them. Furthermore, the long-term calculability is endangered. This is due to the fact that the willingness of foundations to provide money is each year subject to their economic conditions and can be easily changed by fallen earnings or interest revenues. Instead, to maintain continuous relationships to the existing supporters and to acquire new ones, even more fundraising efforts have to be conducted each year. Especially under the circumstances, that Murat Vural (personal interview, 17.08.2015) and his employees plan to scale-up massively in the next years this is important. To achieve this, the SE needs more employees. For instance, two new members of staff, respectively for controlling and marketing, were hired lately (Murat Vural, personal interview, 17.08.2015). These problems can be linked to the sparse philanthropic culture and traditional understanding of German foundations as sheer financiers, but not partners of social organizations. Furthermore, foreign capital investment schemes with SE specific characteristics are not employed by Chancenwerk, as they are not that widely spread in Germany yet. Only the social impact bond within the project Bildung als Chance might be seen as a first try. Another financing source, namely voluntary personnel, has become more difficult to attract in recent years. This refers to the older pupils which have less time to coach younger pupils than in former years. This is due to more full-time education, as German students do their Abitur one year earlier in most states now, than before (Chancenwerk, 2014b, p. 17)

Fifth, although it became clear in the last chapter, that Chancenwerk has a good position in the market next to competitors, it became also obvious, that there is a high number of market players making it very competitive. Keeping this in mind and thinking about the plethora of educational initiatives such as Apeiros or Teach First, it might be reasonable to assume that schools or parents might lose track quickly. Therefore, it is questionable whether Chancenwerk can position its unique selling point, the learning cascade, successfully in the market and whether it can take advantage of its status as an SE, despite the detected missing common understanding of the topic.

Moreover, apart from those obstacles that are directly related to Chancenwerk's interaction with the welfare state, there are hurdles created by the organizational set-up.

Chancenwerk is growing steadily. This poses two problems. First, it is extremely centered on its founder Murat Vural. This is problematic, not only because he has to yield tasks, but also because he is the main representative of Chancenwerk on social entrepreneurship conferences and facilitator of partnerships. As he considers Chancenwerk not as a “project for ten years, but as a project for generations”²⁴ (Murat, Vural, personal interview, 17.08.2015), Chancenwerk faces the future difficulty of maintaining the good network without the charisma of its founder. Second, from the perspective of the organization itself, it is troublesome to retain the values from the beginning such as voluntarism and conviction and implement them in all their new subsidiaries (Chancenwerk, 2014b). Third, although Ashoka is very important for Chancenwerk as it facilitates the organization with networks and counseling, especially this counseling might be problematic as representatives of Ashoka are voluntary employees of Chancenwerk and might have a too large influence.

Summing up, nearly all obstacles Chancenwerk faces, can be explained by the theoretical discussion and have already been identified as cumbersome for SEs in Germany. The case of Chancenwerk shows especially that the state relies on the traditional providers of welfare, as it favors to finance them instead of the SE Chancenwerk. Thus they are a strong competitor for Chancenwerk. Also the problem of inadequate funding is severe for Chancenwerk and can be explained by little government support, but also by the lacking philanthropic culture and project-centered support of foundations and firms. Last but not least, the legal environment shows obstacles for Chancenwerk as it possesses not the adequate legal status for certain funding programs, however this obstacle is experienced as more burdening across the German border thus making it an international one. Further, the organizational set-up is problematic as it is heavily concentrated on the personal network of the founder and largely influenced by Ashoka.

4.3.2 Chances

As we have seen in the last chapter analyzing the obstacles, the political authorities do not provide considerable financial support for Chancenwerk. However, the theoretical discussion showed that the recognition of SEs is increasing in Germany which can be seen in the case of Chancenwerk, too. So the Minister for family affairs is patron of Chancenwerk. Moreover, the various awards won by Chancenwerk by the federal government show that social entrepreneurship is on the agenda of the government. In contrast to the rather pessimistic notion of some scholars, that the corporatist model is still well in place, this can lead to the interpretation, that political elites have recognized the potential of SEs as efficient

²⁴ Das Projekt ist kein 10-Jahresprojekt, sondern ein Generationenprojekt.

providers of welfare and actively foster the competition between SEs, private providers and the established institutions.

Also on state level of NRW some chances can be made out, although there are no supporting mechanisms for Chancenwerk yet. Taking a closer look, on the homepage of the state and ESF funded organization Project Soziales, it can be observed that this firm already supports an association, named “Mentoring-Ratingen”, which highly resembles Chancenwerk in its mission to increase equality of chances for children with a weak socioeconomic or migratory background (NRW Projekt Soziales, 2015a). Nevertheless, it is not a competitor for Chancenwerk as it does not offer tutoring on secondary schools, but instead literacy training in cooperation with primary schools. Moreover, as an association that is fully financed by the municipality of Ratingen, it cannot be considered as an SE. Still, this confirms that the interest of the state level in projects dealing with the topic of equality of chances is present and might be a chance for Chancenwerk to receive support by Project Soziales, too.

Even on the municipality level, chances can be tracked down: The Projekt “Bildung als Chance” and its cooperation with the city of Duisburg has been perceived as a social impact bond. These are still rare in Germany. It might be possible that Duisburg acts as a path-breaking role model inspiring similar partnerships. At least, there is the likely chance that Chancenwerk builds up further partnerships with other social enterprises and non-profit organizations in the form of collective impact initiatives as it has already done. In doing this, it can assert itself as an effective providers in front of political elites and thus as a serious competition to the traditional welfare providers.

Moreover, despite the fact that the organization is currently quite successful with expanding their chain system, inside and outside Germany, Chancenwerk sees the opportunity to become a franchise in the long term. (Murat Vural, personal interview, 17.08.2015). From the perspective of Murat Vural (personal interview, 28.04.2015), this would be an advantage for schools, as they would see Chancenwerk as their own project. He is of the opinion that his social enterprise was not mature enough in 2010/2011 when the pilot project in Innsbruck was launched, but he thinks differently by now. He even considers Chancenwerk as a project that could be transferred to the whole of Europe. However, the question remains under which conditions this shall be possible. If it is already difficult to transfer Chancenwerk to Austria, which is also a conservative welfare state (Esping-Andersen, 2007), what will happen in others?

In a nutshell, the chance for Chancenwerk and SEs in general in Germany is the increased recognition of social entrepreneurship. Awards and patronages show that the government might have switched its focus from traditional service providers to a more market

oriented strategy including more actors. Also new chances are offered for Chancenwerk by engaging in new approaches such as social impact bonds and collective impact initiatives.

4.3.3 Strategies

Finally, this paragraph will present strategies helping Chancenwerk to survive despite the troublesome environment in Germany. To begin with, it could be argued that the finding of Grohs, Schneiders and Heinze (2011, p. 85) that SEs are mostly active in niches, can also be observed for Chancenwerk and seen as a success strategy of the organization. However, as the chapter on competing organizations (4.2.2) has illustrated, the traditional providers are quite active in the tutoring market as well and address the same target group of Chancenwerk. Therefore, the assumption of the tutoring market as a niche seems untenable.

Nevertheless, in this market, Chancenwerk positions itself well. Its unique selling point is the mixture of a good price combined with active integration and community building measures. Also a focus on only one product, namely the learning cascade corresponds to its strength. This product can be transferred to a broad scale and applied to various contexts. For instance, by implementing it into firms as “ChancenWORK”, it contributes to the organizations success.

Additionally, Chancenwerk faces the aforementioned obstacles of lacking funding and no common understanding of SEs triumphantly by engaging in extensive promotional activities to raise public awareness and especially the attention of future donors and volunteers. As the theoretical section has shown this is typical for successful SEs. Examples are speeches by its founder Murat Vural on various stakeholder events, but also extensive social media campaigns. Next to its homepage, there is a Facebook page²⁵, a blog called “ChancenBLOG” (ChancenBLOG, 2014), and a YouTube channel. Even a rap²⁶ was recorded with a local rapper. Especially the Facebook page publishes new articles quite regularly, during the school term about every three days. Subsequently, it can be agreed on the fact that these auspicious marketing efforts have turned the SE into an attractive brand. In connection with the numerous team-building and training actions where students and pupils are able to improve their soft and hard skills, this is an attractive offer. Therefore, student volunteers and pupils are keen on taking part securing the to a large share the financing of the organization.

²⁵ <https://www.facebook.com/Chancenwerk?fref=ts>

²⁶ Listen to the Chancen-Rap here: <https://www.youtube.com/watch?v=MFx5CzMW3ec>.

Besides, Chancenwerk's financing structure with three main funding sources, donations of firms and foundations, membership fees and compensations by the government, might at first sight be quite typical for SEs in Germany. Nonetheless, donations are provided by twenty foundations and ten firms (Murat Vural, personal interview, 17.08.2015) which means that each only provides a comparatively small share of the total amount. Therefore, a dropout of some of those financial sources can be compensated. In order to secure the financing even more, Chancenwerk pilots innovative funding models. For example, in some schools, it saves the money for costly freelance students, by implementing the "Talent-Modell". Particularly gifted pupils of the higher classes act as quasi students and teach their classmates and younger ones (Murat, Vural, personal interview, 17.08.2015). Also, some schools are fully financed only by membership fees of pupils (Murat, Vural, personal interview, 17.08.2015). Yet, this strategy deviates from the actual mission of the organization, as not all parents can afford the tutoring without help.

Finally, Chancenwerk does active lobbying with the network of Ashoka fellows and the "Bundesverband innovativer Bildungsinitiativen". In doing so, it takes matters into their own hands and actively points to the obstacles for SEs in Germany. In doing so, it increases the recognition of social entrepreneurship and also highlights the interest of initiatives in the education system.

Concluding, Chancenwerk's survival in an arduous environment results from its proficient circumvention of the identified obstacles and usage of presented chances. Insufficient financing, strong competition and a missing common understanding of SEs is fought by extensive promotional activities to acquire subsidies and voluntary personnel. Also a high diversification of financing sources and piloting of innovative funding models contributes to the solution of the problems. Also Chancenwerk increases its recognition itself by lobbying on state and federal level.

5 Conclusions and Outlook

Having taken the environment and particularly the obstacles for SEs in Germany as a starting point, the organizational analysis of Chancenwerk's obstacles, chances and strategies offers the following results: Nearly all challenges identified on the German level can, to a greater or lesser extent, be detected for the SE under study. The case of Chancenwerk shows that the state still relies on the traditional organizations of the Free Welfare Assassinations as providers of welfare, as they are a strong competitor in the tutoring market and are financed by the educational package, as well. That the state relies on

the traditional providers is also a reason for the obstacle of low financial support for SEs by the government. Chancenwerk does not profit from any of the two support programs. Further, the case illustrates the insufficient financial support for SEs in Germany, as donations of firms and foundations are linked to high fundraising efforts and foreign capital investments schemes are rarely employed by the organization. The organization also demonstrates the missing common understanding of SEs under various legal forms in Germany, as Chancenwerk is not eligible to the aforementioned government-funding programs due to its legal status and has problems to become a franchise across the border. Further, apart from these obstacles that have already been identified as problematic for SEs in Germany, the case of Chancenwerk shows also obstacles specific to the SE under study. These are that the organizational structures are highly focused on the social entrepreneur and greatly influenced by Ashoka. Yet, concerning chances the case of Chancenwerk points to the theoretical finding that there are initial approaches by political elites indicating that SEs are slowly taking their place on the agenda of governments. In any case, the chapter on strategies has illustrated that Chancenwerk is able to cope well with the detected hurdles due to its numerous marketing activities and hybrid financing structure. It can be agreed with the words of Verena Klix, head of the Rivera-Stiftung which sponsors the organization since five years, saying that: "Chancenwerk [...] is in the best sense a learning organization" (Chancenwerk, 2015d).

Taking the findings one step further, it is interesting what can be seen by the case study for the integration of SEs in the German welfare setup in general. On the one hand, the fact that Chancenwerk is beginning to gain more and more compensation for services of the educational package from the government supports the assumption that there is room for SEs in the German welfare state and that Chancenwerk does well in the competition with traditional and private providers. However, as the traditional welfare organizations are also offering tutoring and thereby rely vastly on the educational package, it can also be found evidence for the findings of Grohs, Schneiders and Heinze that SEs locate themselves in niches without really affecting the established corporatist set-up. However, as this thesis has shown it is questionable whether the tutoring market with several competing providers actually constitutes a niche. Another interpretation would be that Chancenwerk only is successful due to its extensive marketing and fundraising activities.

Moreover, it is interesting what the results of Chancenwerk show in the context of the Social Business Initiative by the European Commission mentioned in the introduction. Comparing the three obstacles identified for SEs by the European Commission, namely lacking funding, little recognition and an unfavorable legal environment to the results of Chancenwerk, it can be said lacking funding and an unfavorable legal environment were also

detected in the SE under study. Yet, the recognition of SEs seems to have improved on the federal level during the last years and Chancenwerk realizes this by non-financial support, however it still seems to be a problem on the state and local level for the organization. In any case the example of the SE under study has shown that support schemes by the European Commission have to be developed which take into account the specific welfare arrangements in the various member states. One possible measure to encounter the problem of an unfavorable legal environment could be that the EU could further encourage Germany to establish a common legal form for SEs. When more member states have a common legal form, this might also pave the way for a common legal form on European level, which now is inhibited by the council. Also the obstacle of lacking funding could be improved in the long run by providing money for SEs from the ESF without the detour over the state governments. This could, for example, work in the form of a competition. On the German level, besides establishing a legal form for SEs, policy makers could enhance the eco-system for SEs by shaping a broad common understanding of SEs in a first step. Further, the German political elites could encourage financial investors to develop more funding mechanisms for SE and also motivate state and local governments to work together with them.

To deepen and amplify the research results on the German level, it would be interesting to take a further look on the obstacles and chances for SEs in a different policy field. Especially a policy field that is dominated more by social service provision might be interesting as it could be assumed that the competition by the Free Welfare Organizations might be even stronger there. In this nexus, also social intrapreneurship could be taken into focus. As social intrapreneurship originates out of a traditional organization it could be assumed that these organizations do not face the obstacle of suspicious public financiers and are already equipped with the right networks. However, the established structures might also be obstructive as they might impede innovativeness and out-of-the-box thinking. Therefore, in a further study it could be tested what are the obstacles for social intrapreneurship in Germany and how these differ from the obstacles of SEs. The benefit of this research interest would be to design the right support schemes for both.

On the European level, a comparison with other conservative welfare states might be interesting as it can be assumed that SEs face similar obstacles there. If this assumption is correct, further best practice examples of organizations that are successful in dealing with these obstacles could be identified in order to give advice to policy makers on the German and European level on how to improve the promotion of social entrepreneurship. In sum, this thesis has shown that the environment for SEs offers potential for improvements in Germany on the federal, state and local level, but also on the EU level. How this will actually develop in

the next decades remains open, especially considering the current crisis of the welfare state. On the one hand, the crisis of the welfare state, might continue the need for social entrepreneurship. On the other hand, social entrepreneurship could also develop into a temporary fashion in Germany, which could, considering the setup of the welfare state that seems to favor the traditional providers, in the long term be replaced by social intrapreneurship.

Some concluding remarks have to be made concerning the limitations of the thesis at hand: First, the case of Chancenwerk is only one example in the policy field of education and the author can only draw conclusion on this specific field and welfare setup. Second, this thesis may be limited by the fact that the conducted interviews involved only leading members of the organization and no external participants such as parents or students. These individuals, especially Murat Vural, are highly in favor of the concept of social entrepreneurship and its ability to achieve impact in Germany. Therefore, from their subjective perspective, they have concentrated on illustrating the advantages of their organization and may have neglected possible shortcomings and obstacles. Also the support by political elites for SEs might have been presented worse than it is because Chancenwerk does not profit from many support programs. However, it has been tried to demagnify this bias by evaluating the interviews critically and comparing the statements to the theoretical findings. For this reason, this thesis can hopefully present a less subjective organizational analysis of a social enterprise making a valuable contribution to the research on social entrepreneurship. Finally, from a practical point of view, the SE Chancenwerk and its strategies can serve as a best practice example and role model for other social entrepreneurs because the organizations is able to survive despite not an inconsiderable number of obstacles. Especially for those that strive to improve the educational perspectives for children regardless of their socioeconomic background which is to highly current topic these days.

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7 Interviews

Vural, Murat. Personal interview. May 28, 2014.

Vural, Murat. Personal interview. August 17, 2015.

Vural, Şerife. Personal interview. May 12, 2015.

Appendix

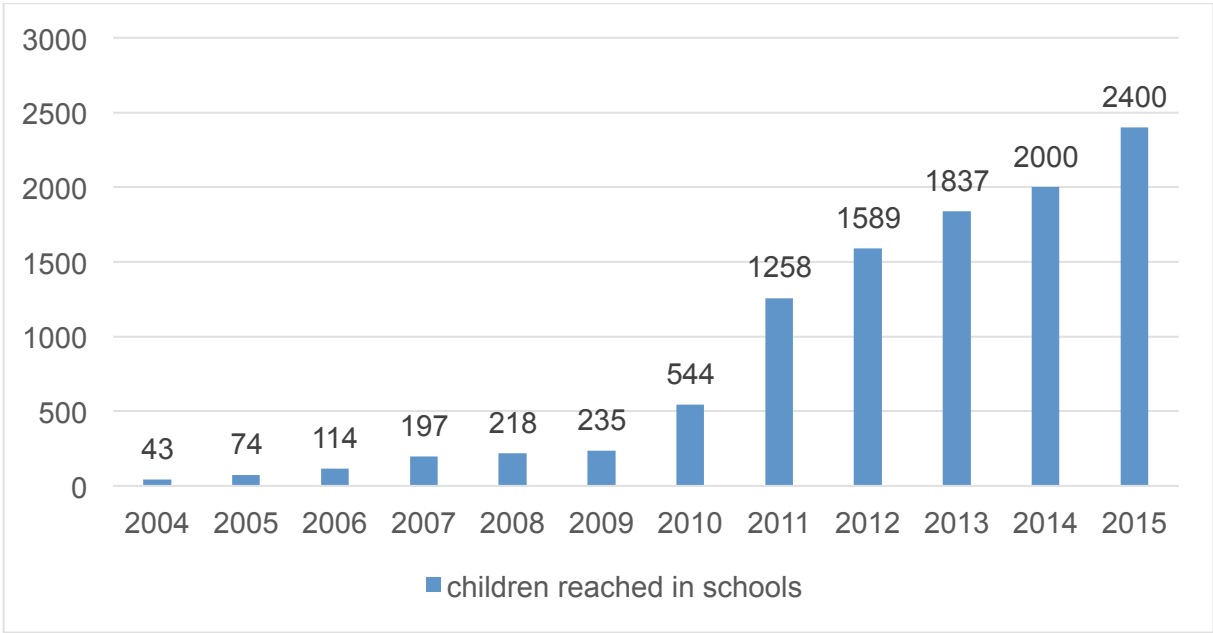


Figure 2: Children reached in schools between 2004 – 2015.

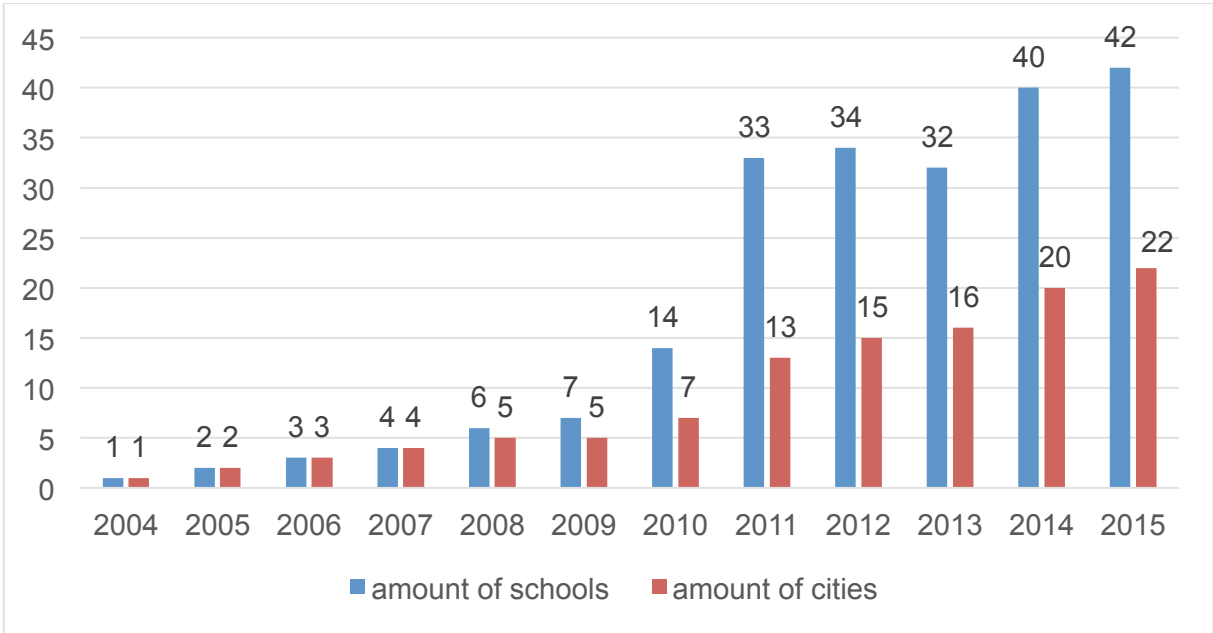


Figure 3: Amount of cooperating schools and cities between 2004 – 2015.

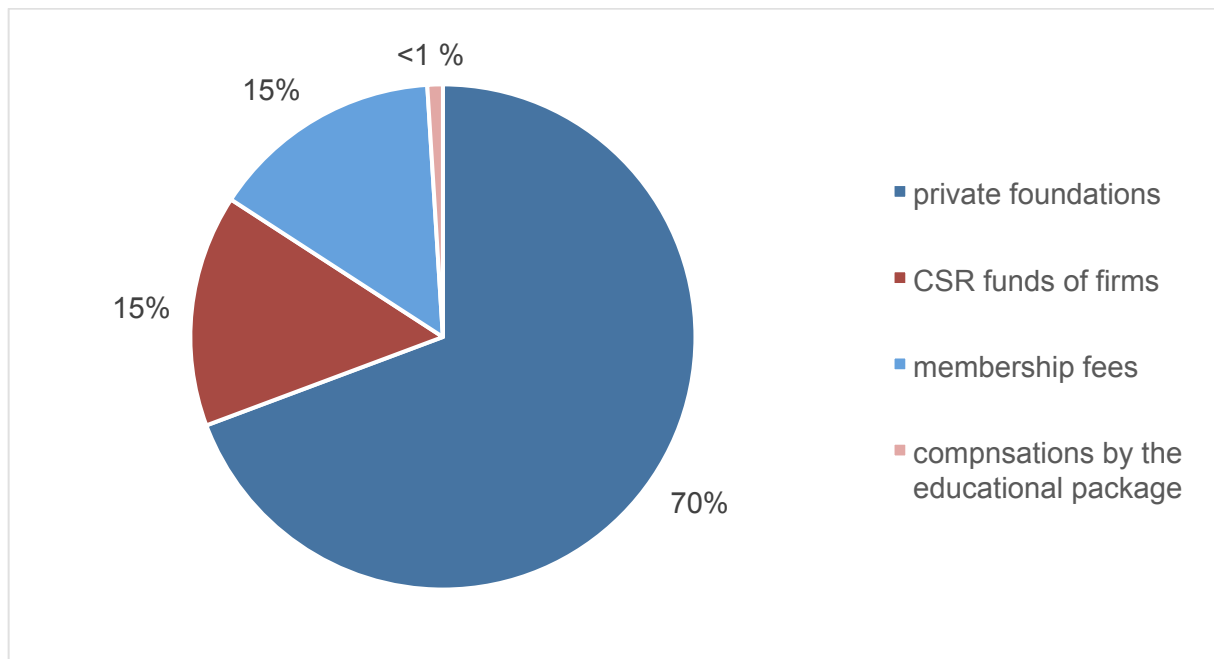


Figure 4: Sources of approximate revenues of Chancenwerk in 2015.

a. History of Chancenwerk

Chancenwerk was founded 2004 in Castrop-Rauxel as middle-sized town in the Ruhr area of Germany. At that time it was called „Interkultureller Bildungs- und Förderverein für Schüler und Studenten e.V“ and its main ambition can be described as “Migranten helfen Migraten” (Migrants help migrants). It aimed at helping migrant children to integrate in Germany, to improve their educational opportunities and their employment perspectives. For this reason the founder Murat Vural and his friends offered tutoring for pupils. However, the Chancenwerk’s focus shifted over the years. The founders realized that not only the origin, but also the socioeconomic status of the family impede a child’s educational opportunities. Therefore, the program was opened to all children of the cooperation schools.

Two years, after its foundation “Chancenwerk” was chosen out of 550 charitable associations to win the startsocial Competition. This increased the public perception of it. Furthermore, the attention of Ashoka, a non-profit organization entitled to foster social entrepreneurship, was drawn to “Chancenwerk” and its founder Murat Vural became an Ashoka fellow. According to him this was possible because the topics of migration and educations were highly “en vogue” at that time, whereas they would be not that successful nowadays (Murat Vural, personal interview, 28.05.2014) Being an Ashoka fellow opened up new opportunities and accelerated the nationwide scaling-up. So Murat Vural received a scholarship for three years enabling him to quit his regular job and dedicate himself to the organization (Chancenwerk, 2015d).

Further, Chancenwerk received counseling e.g. McKinsey & Company counselors set up a business plan (Şerife Vural, personal interview, 12.05.2015).

In 2008, a turning point was reached. Its founder, Murat Vural, developed the “learning cascade”. Two reasons led to this idea: First, students wanted tutoring for the central examination²⁷ at the end of the lower grade. Second, Vural realized that pupils became older and could teach younger students. In 2009, he presented this idea on the Vision Summit in Berlin (Murat Vural, personal interview, 28.05.2015) and increased the visibility of Chancenwerk further. With this new tutoring model, Chancenwerk also received its first financial support. However, this support was solely program funding to establish tutoring in schools. In 2010, salaried personnel could be employed for the first time (Chancenwerk, 2015d). One year later, the organization was renamed in “Chancenwerk” which is much more catchy as the former name and communicates a positive message. In the same year, it also received for the first time organizational funding by the decoration firm “Butlers” In 2013, the project ChancenWORK was initiated (Chancenwerk, 2015d)

b. Personal history of the founders Şerife and Murat Vural

Despite having no entrepreneurial background, Şerife and Murat Vural’s own personal affection is the reason for founding Chancenwerk in 2004. Murat Vural and his sister were born in Germany to Turkish migrants. They lived in a Turkish/Arabic quarter and could not speak any German. When Murat Vural was eleven, the family returned to Turkey. (Murat Vural, personal interview, 28.04.2014) There, the children suffered from the same integration problems as they could not speak real Turkish. However, Murat Vural could integrate and did well in Mathematics, so that he attended a Turkish elite school. There, he formed his goal to become an engineer. A few years later, his parents returned to Germany, while Murat Vural stayed on the Turkish elite school. At the age of sixteen, due to visa considerations, he had to decide whether he wanted to live in Turkey or in Germany. He decided in favor of his family in Germany and against his educational success in Turkey. Back in Germany, he was sent to the “Hauptschule” and had to repeat a class due to his lacking knowledge of German. Further, his goal to become an engineer was not taken seriously by his German teachers. Nonetheless, he stayed self-confident and left school with the best grades of his year. So, from now on he addend the “Gymnasium”. Again, this talent for mathematics was not appreciated and little support was given. Only after two years, his teachers slowly realized that he had potential. So he left the school with a good diploma qualifying for university

²⁷ Since the school year 2006/2007 there is a central examination in the subjects German, Mathematics and a first foreign language.

entrance. At university he studied electrical engineering and attached a Ph.D. Motivated from his success, he convinced Şerife Vural to attend university as well. Şerife Vural had experienced similar problems in school. However, she also managed to get along. After becoming a doctor's receptionist, she studied social pedagogy.