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National report on third sector barriers in Austria

Barriers coordinator

Annette Zimmer

Authors

a.o. Univ. Prof. Dr. Ruth Simsa

Michael Herndler, BSc

Zana Simic, MSc



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Contents

1 Sector at a Glance	3
1.1 Terminology	3
1.1.1 Specifics of the Austrian third sector	3
1.2 Outline of the third sector	4
2 Policy fields	7
2.1 Quantitative findings	7
2.1.1 Description of the sample	7
2.1.2 Finance	7
2.1.3 Human resources	10
2.1.4 Professionalization	13
2.1.5 Third sector relations to public authorities	15
2.2 Summary of key barriers identified in survey	17
2.3 Policy field: Social and Health Services	18
2.3.1 Sub Sector Infrastructure	18
2.3.2 Finances	18
2.3.3 Image	20
2.3.4 Inter organizational linkages	21
2.3.5 Legal Environment	21
2.3.6 Human Resources	21
2.3.7 Governance	22
2.3.8 Key barriers in Social and Health services	22
2.4 Policy field: Sports	22
2.4.1 Sub Sector Infrastructure	22
2.4.2 Finances	23
2.4.3 Image	24
2.4.4 Inter organizational Linkages	24
2.4.5 Legal Environment	24
2.4.6 Human Resources	25
2.4.7 Institutional facilities	26
2.4.8 Key Barriers in Sports	26
2.5 Policy field: Arts and Culture	27
2.5.1 Sub Sector Infrastructure	28
2.5.2 Finances	28
2.5.3 Image	29
2.5.4 Inter organizational Linkages	30
2.5.5 Legal Environment	30



2.5.6 Human Resources	30
2.5.7 Institutional facilities	31
2.5.8 Governance.....	31
2.5.9 Key Barriers Arts and Culture.....	31
2.6 Law, advocacy and politics	31
2.6.1 Finances	32
2.6.2 Image	32
2.6.3 Inter organizational Linkages.....	33
2.6.4 Legal Environment	33
2.6.5 Human Resources	34
2.6.6 Governance.....	34
2.6.7 Key Barriers law, advocacy and politics	35
3 Common Trends.....	35
3.1 Common trends being indicated in literature and interviews	35
3.2 Common trends deduced from case studies	38
3.2.1 Going business	38
3.2.2 Doing well – and increasingly better – while doing good	39
3.2.3 Glocalization – the rise of local community building.....	40
4 Bibliography.....	1



1 Sector at a Glance

1.1 Terminology

With the term Third Sector we refer to all Nonprofit-Organizations, distinguishing them from public and private profit-Sector. The definition of the term Nonprofit-Organization (NPO), at least among scholars, is quite clear, according to the definition of the Johns Hopkins project, thus encompassing private, non-profit, formal organizations run with a minimum of voluntary work (Simsa et al., 2013).

1.1.1 Specifics of the Austrian third sector

Many of the specific characteristics of the Austrian third sector are shaped by historical context. Its relevant aspects are presented for a better understanding.

The public sector plays an important role for the third sector, influencing organizational, financial and human resources structures. As a federal state, Austria is politically divided into nine federal provinces, each of which has extensive rights due to the principle of subsidiarity. NPOs often face different applicable national laws and therefore develop several action strategies. As a result, there are far more locally acting TSOs compared to nationwide organizations (Pennerstorfer et al. 2013: 55).

In international comparison, advocacy groups in Austria are deeply involved in political decision-making processes. Both employers and employees organize themselves in interest groups as part of the third sector. However, it must be distinguished between legally binding and voluntary associations regarding affiliation to the third sector. In particular, occupational advocacy groups have an important role, since their decisions can be valid even for non-members.

Existing NPIs are often linked with the most traditional parties of Austria (Social Democratic Party of Austria, SPÖ and Austrian People's Party, ÖVP). Therefore, apart from few independent NPIs, often pairs of organizations in the same action field exist. As NPIs in Austria first emerged from the labour movement and the Christian Socialist counterpart, this duality is derived from historical context. Two special features arise from the close relationship to politics for NPIs in Austria: Some NPIs are able to take part in political decision-making directly and due to access to decision makers, acquiring financial resources from the public sector is often easier for them. The dualism already dissolves to some extent, because younger NPIs increasingly aim for political independence.



One of the largest TSIs is the Catholic Church in Austria. Most services are provided by linked associations (e.g. Caritas, Diakonie), which especially engage in the fields of social services, health care and education (Pennerstorfer et al. 2013: 58 p.).

Regarding legal forms, there are associations, cooperatives, foundations, non-profit private limited companies and non-profit stock corporations (figures in the following part, also see: Pennerstorfer et al. 2013). Associations represent the most important legal form of NPIs in Austria. Over the past 50 years, the number of registered associations tripled to 116.556 (status as of 2010). Since 2003, activities of organizations are no longer recorded in the register. At this time, sports, savings and cultural associations represented the largest groups. Further statistical information on the different organizations and legal forms are not available due to poor data in Austria (Simsa & Schober 2012).

In general, corporations, e.g. private limited companies and stock corporations, are economically oriented and aim for profit. As there is a shift to professionalization and partial alignment with for-profits, these two legal forms become more important for TSIs. However, there were 352 private limited companies and 10 stock corporations listed in the commercial register bearing “non-profit” in the title in Austria (status as of January 2012).

Aside from charitable foundations, there are also self-serving foundations in Austria. The assessment whether an organization is charitable, is carried out by the tax authorities. Therefore, such data do not exist in publicly accessible statistics or registers. The number of foundations clearly assignable to charitable organizations was 245 (20 %) in 2008.

Cooperatives originally emerged in the 19th century in form of communities for economic solidarity in Austria. Today, most cooperatives that were founded as NPOs are no longer within the scope of the third sector, as an increasing commercialization and rising membership figures led to a twist. Nevertheless, there are still some cooperatives that do not distribute their profits to members. In 2010, 95 out of 1817 cooperatives could be assigned to the third sector. At present, the original idea of economic and social mutual support receives new impetus in form of new movements reviving the tradition-steeped concept of cooperation.

1.2 Outline of the third sector

In 2005 the total production value of the third sector was around € 7 billion (1.9 % of GDP) and € 4.7 billion value added (Haider et al. 2008). In 1995, the most important field of the Austrian third sector measured by employees was social services (64 percent). A comparative country study by the Johns Hopkins project thus classifies the sector of



Austria as “social service dominant” (Salamon et al. 1999: 21 p., Salamon & Anheier 1998).

In 2010, the total number of employment contracts was estimated at 212.000 (5.2 percent of all employed persons over 15 years). The three biggest fields were social services (36 percent), interest groups, church and religious organizations (20 percent) and education, research & development (14 percent). Between 2000 to 2010, the number of contractual relationships in the third sector increased by 39 percent, in particular the sectors of kindergartens (93 percent) and social services (76 percent) made up the greatest share. As these projections are based on the number of employment contracts, these high rates might be at least partly the result of fluctuation and short contract periods (Simsa & Schober 2012, Pennerstorfer et al. 2013, More-Hollerweger & Hora 2014).

Field	2000		2005		2010	
	absolute	percentage	absolute	percentage	absolute	percentage
Research & development, education	1.672	1,09%	1.750	0,99%	1.970	0,93%
Elementary school	1.837	1,20%	2.152	1,21%	3.091	1,46%
Kindergartens	5.814	3,80%	8.378	4,72%	11.232	5,29%
High school / secondary school	9.415	6,16%	11.031	6,21%	12.725	6,00%
Adult education / other education	2.021	1,32%	2.522	1,42%	3.213	1,51%
Total	19.088	12,49%	24.084	13,56%	30.261	14,26%
Health service						
Health institutions	17.963	11,75%	17.652	9,94%	19.106	9,00%
Ambulance service	4.870	3,19%	5.873	3,31%	6.669	3,14%
Total	22.833	14,93%	23.525	13,25%	25.775	12,15%
Shelters	21.347	13,96%	25.052	14,11%	27.755	13,08%
Social services	44.031	28,80%	57.694	32,49%	77.474	36,51%
Advocacy groups, others, religious communities						
Associations, religious communities	37.612	24,60%	38.353	21,60%	41.470	19,55%
Employers' associations	882	0,58%	933	0,53%	938	0,44%
Total	38.494	25,18%	39.286	22,12%	42.408	19,99%
Entertainment	2.049	1,34%	1.747	0,98%	1.522	0,72%
Culture	609	0,40%	650	0,37%	680	0,32%
Sports	2.759	1,80%	3.790	2,13%	4.330	2,04%
Total	152.882	100,00%	177.579	100,00%	212.175	100,00%

Table 1: Paid employees of the Austrian TS (absolute and in relation to the total TS),

Source: Pennerstorfer et al. 2013.



Volunteering is an important part of the Austrian third sector. In 2006, around 28 percent of all Austrians volunteered for third sector organisations and contributed about 8 million hours per week. The largest fields of volunteering are culture, disaster relief and sports (Simsa & Schober 2012, More-Hollerweger & Hora 2014).

Field	Hours per week	percentage	FTE 1 ¹	FTE 2 ²	monetary value of volunteering (in thousands of euro) ³
Disaster relief	1.575.932	19,9%	40.100	44.644	940.768
Culture	1.761.588	22,2%	44.824	49.903	1.051.598
Environment	349.906	4,4%	8.903	9.912	208.880
Religion	1.026.121	13,0%	26.110	29.069	612.553
Social	564.689	7,1%	14.369	15.997	337.097
Politics	640.905	8,1%	16.308	18.156	382.595
Commonwealth	278.223	3,5%	7.079	7.882	166.088
Education	302.910	3,8%	7.708	8.581	180.825
Sports	1.418.408	17,9%	36.092	40.182	846.733
Total formal volunteering	7.918.682	100,0%	201.493	224.325	4.727.136
Informal volunteering	6.773.996		172.366	191.898	4.043.805
Total of volunteering	14.692.678		373.859	416.223	8.770.941

¹ full-time equivalents based on average normal working hours of employees in 2006

² full-time equivalents based on actual working hours of employees in 2006

³ based on the median of gross earnings per hour in 2006 (11.49 €)

Table 2: Volunteering in different fields in Austria,

Source: Pennerstorfer et al. 2013.

In February 2014 the NPO&SE-Competence Centre conducted a survey on the subject of voluntary organizations, in which 704 organizations participated. The study shows, among other things, that 40 percent of organizations are based solely on volunteering. 33 percent of surveyed organizations reported to have fewer than ten full-time employees. Volunteers are mainly active in the provision of services for consumers / clients, public relations and management as well as in supervisory boards (More-Hollerweger & Hora 2014). Due to changing patterns of volunteering (short term instead of almost life-long, project oriented etc.) it is an increasing challenge for organizations to attract and keep volunteers (More-Hollerweger & Rameder 2013, Meyer & Simsa 2013).



2 Policy fields

In this chapter, we present our empirical findings regarding barriers for the third sector in Austria. Therefore, chapter 2.1 was integrated to give a quick summary of the most important statistical results. The findings of the following chapters (2.2, 2.3, 2.4 and 2.5) are based on a sum of 26 interviews with third sector representatives, where no other references were specified. In order to complement our analysis results, we used translations based on the transcriptions, which we indicated as direct quotes.

2.1 Quantitative findings

2.1.1 Description of the sample

As part of the TSI project, we conducted an online survey with 1298 TSOs in May 2015. A total of 102 managing directors and board members (90.2 percent) as well as employees at different levels (9.8 percent) participated and answered our questions on their assessments regarding barriers hindering the potential impact of the organization. This corresponds to a return rate of 7.9 percent. 56.5 percent of the participating persons are male and 43.5 percent are female. 51.6 percent of the respondents are more than 50 years old, 42.9 percent range between 30 and 50 years and only 5.5 percent are younger than 30 years. The participants engage in the four policy fields chosen as field of interest by the TSI-project, with 51 percent in social services, 19.6 percent in law, advocacy and politics, 12.7 percent in arts and culture and 12.7 percent in the field of sports. Two organizations are not in scope of the listed fields, so they are not included in further statistical analysis.

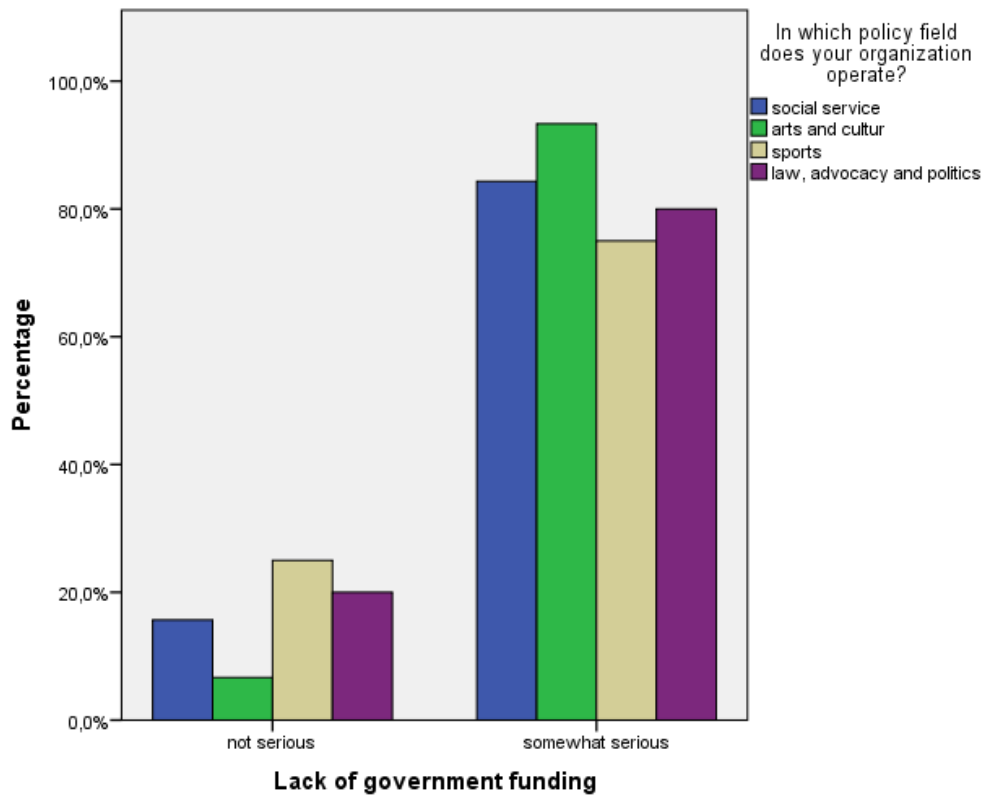
Statements about differences between fields are based on chi-square tests (significance level of 5 percent), although most of the findings stem from descriptive statistics only.

2.1.2 Finance

83.7 percent of the organizations report a lack of government funding, 74.2 percent have decreasing profit margins from business activity and 63.9 percent notice a lack of private individual contributions. At the same time, the majority agrees on the importance to exploit new financial sources from private persons and enterprises in the future, e.g. crowd funding, social investment bonds, and they already spend more resources on fundraising than ten years ago. As there is a need to raise revenues from business activities, at least 44.6 percent of the organizations experience a barrier to serve their real purposes.



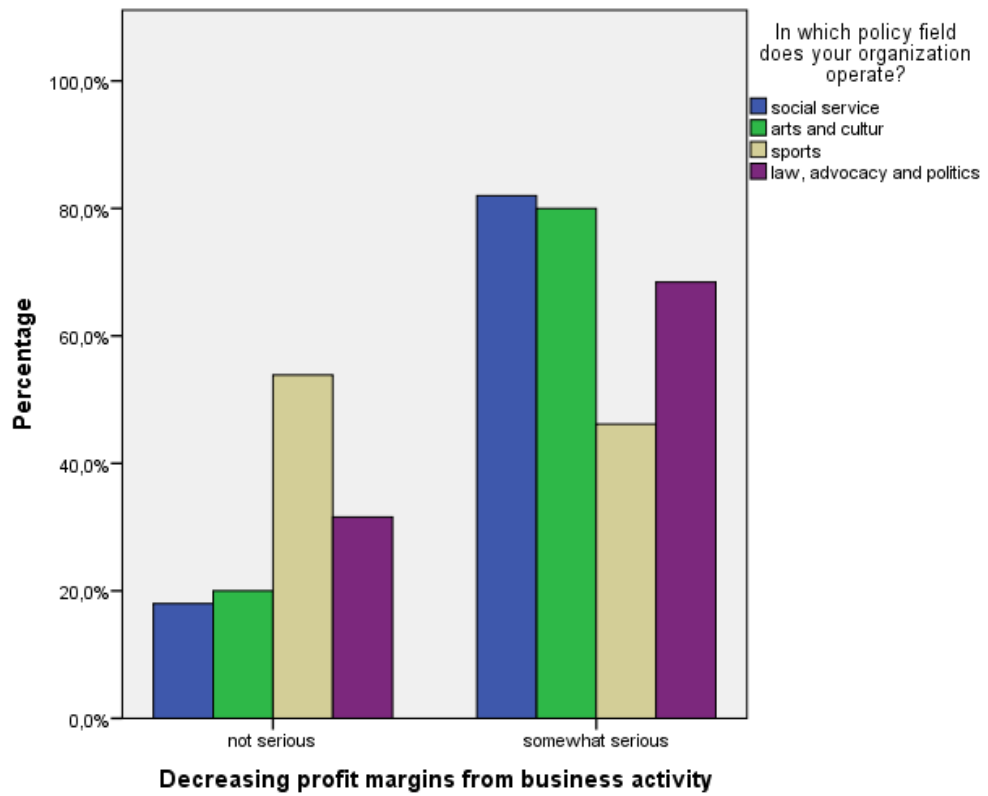
Figure 1: Result #1 regarding finances of TSIs



Source: own research



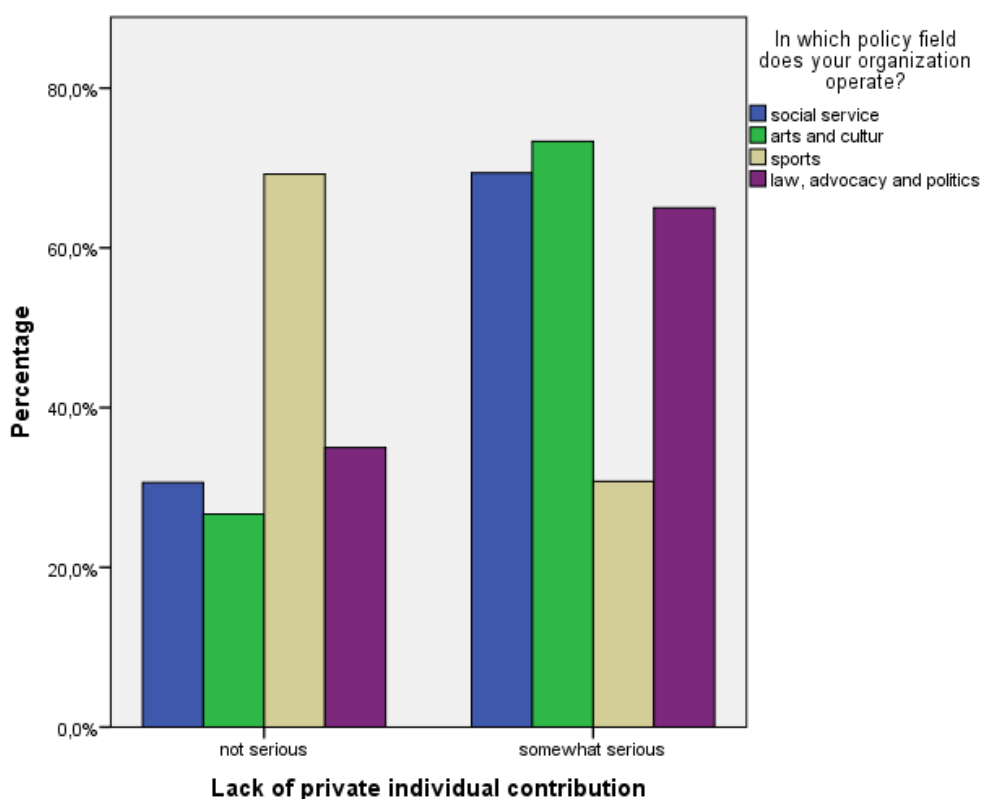
Figure 2: Result #2 regarding finances of TSIs



Source: own research



Figure 3: Result #3 regarding finances of TSIs



Source: own research

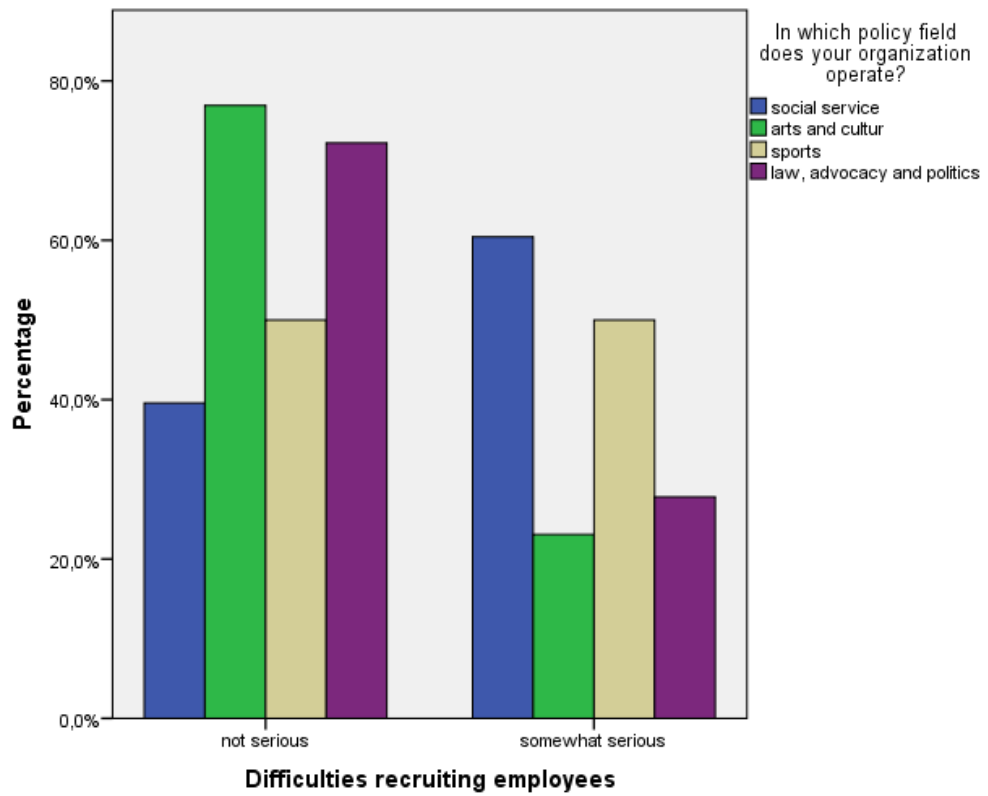
Although sports tend to show a different picture, the differences shown in the diagrams are not significant according to a Chi square test ($\alpha = 0.05$) and therefore, the named barriers do not relate to the policy fields – they affect these fields in similar ways.

2.1.3 Human resources

70.7 percent of the participants see themselves as attractive employers. However, 60.4 percent of the social service institutions and 50 percent of the participants of the field sports have difficulties in recruiting employees. Executives can be found more easily, as in this regard only 16 percent experience a barrier. The majority of TSIs does not compete with for-profit businesses in recruitment. 68.8 percent stated to have problems mobilizing volunteers for operative tasks and 60 percent indicated problems in finding volunteer board members. Generally, the staff of TSIs has high motivation and qualification.



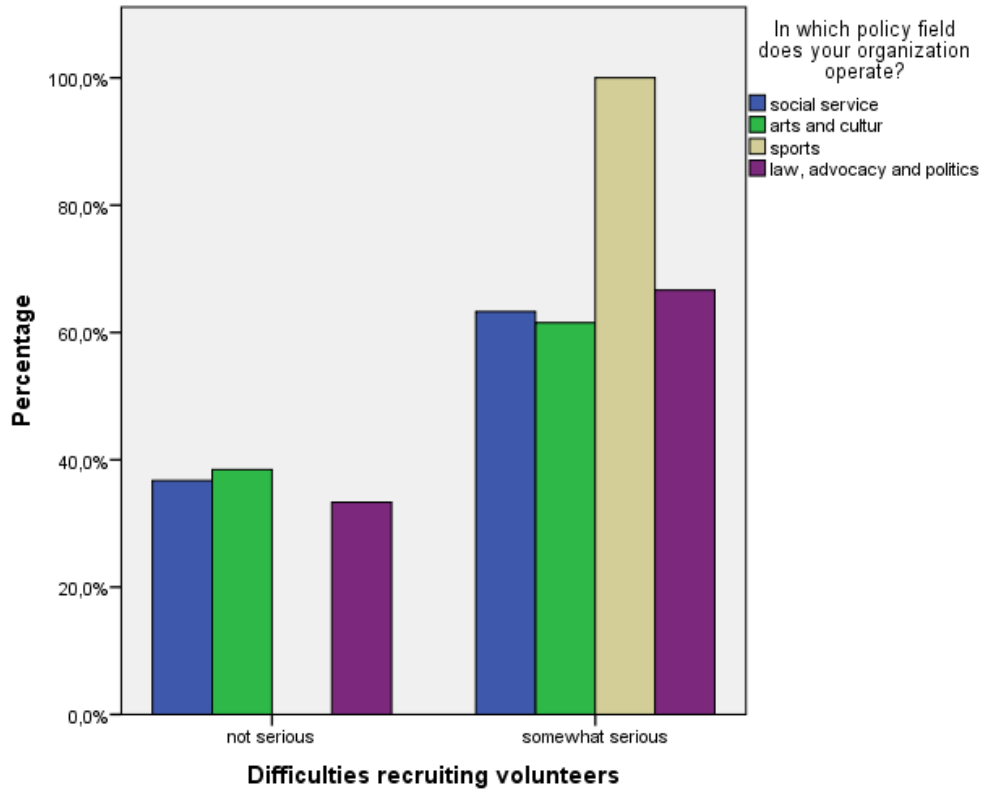
Figure 4: Result #1 regarding human resources of TSIs



Source: own research



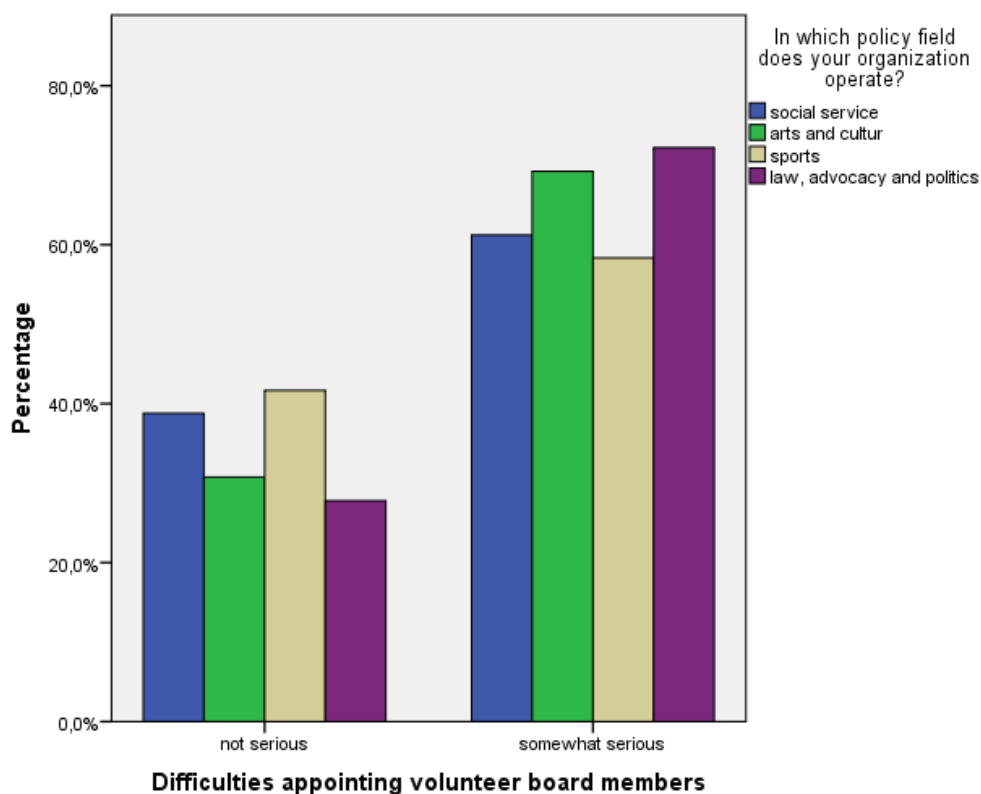
Figure 5: Result #2 regarding human resources of TSIs



Source: own research



Figure 6: Result #3 regarding staff of TSIs



Source: own research

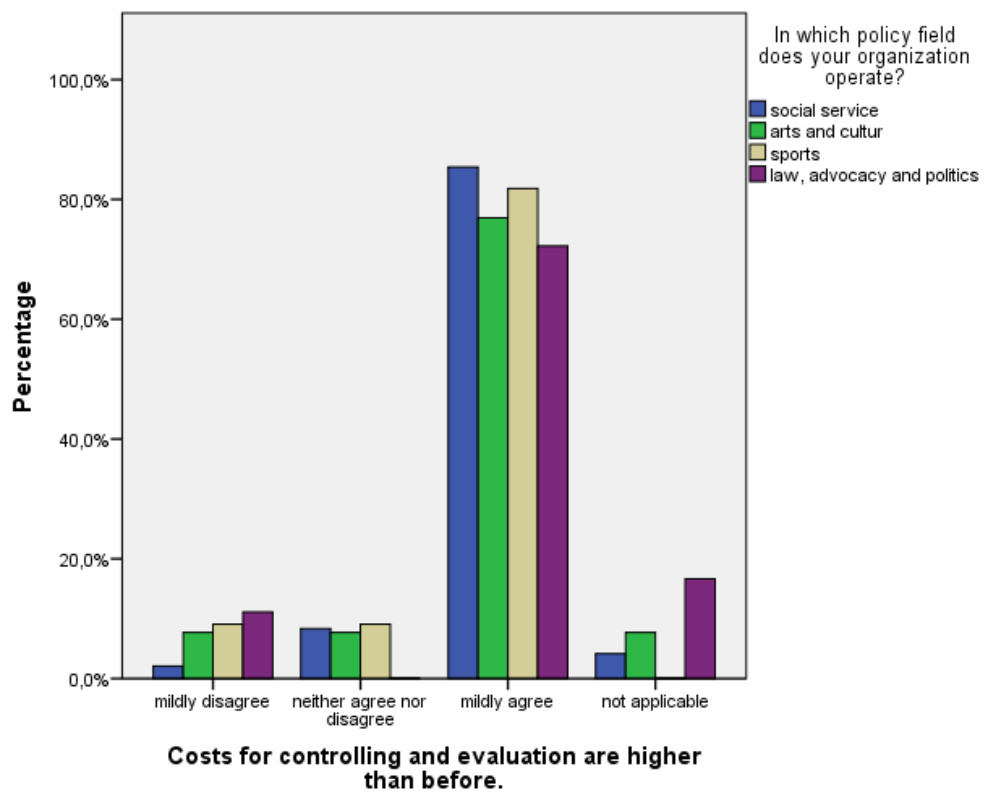
There are significant differences of TSIs depending on the policy field when asked about their “Difficulties recruiting employees” (figure 4). Regarding volunteers, there are no significant differences between the fields.

2.1.4 Professionalization

According to the survey, 90.2 percent agree to the importance of executives to have a business background. Furthermore, costs for controlling and evaluation increased for 81.5 percent of organizations. At least 39.8 percent rely more on the services provided by consultants or commercial agencies than they did ten years ago. These figures show an ongoing trend towards a necessary professionalization process of the third sector, as 63 percent expect more difficulties in future.



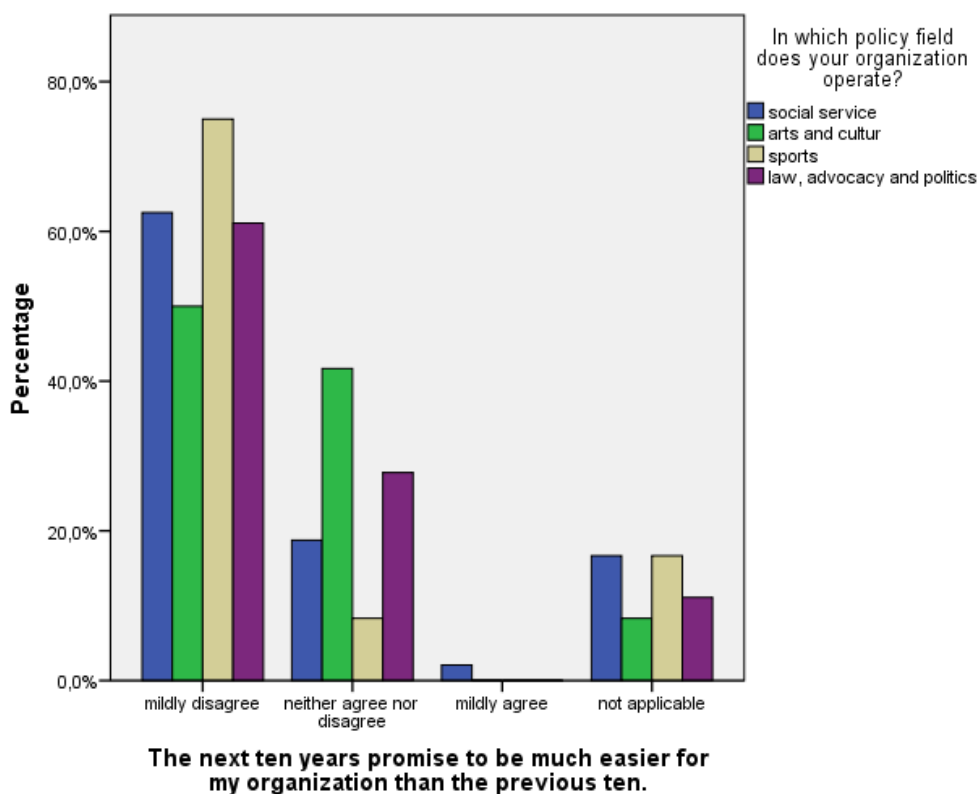
Figure 7: Result #1 regarding professionalization of TSIs



Source: own research



Figure 8: Result #2 regarding professionalization of TSIs



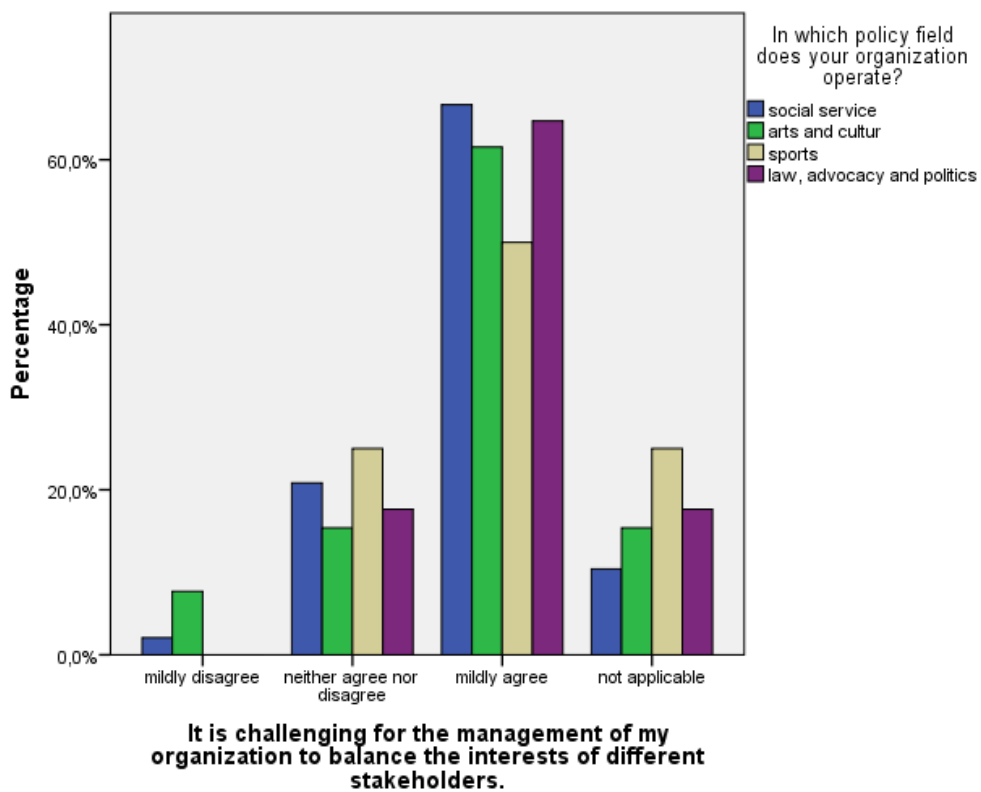
Source: own research

2.1.5 Third sector relations to public authorities

In general, the majority of TSIs are able to participate in political decisions in Austria, although 64.1 percent have difficulties to balance the interests of different stakeholders. However, political participation comes at some costs, as 52.1 percent of organizations report regular controls and monitoring by the state.



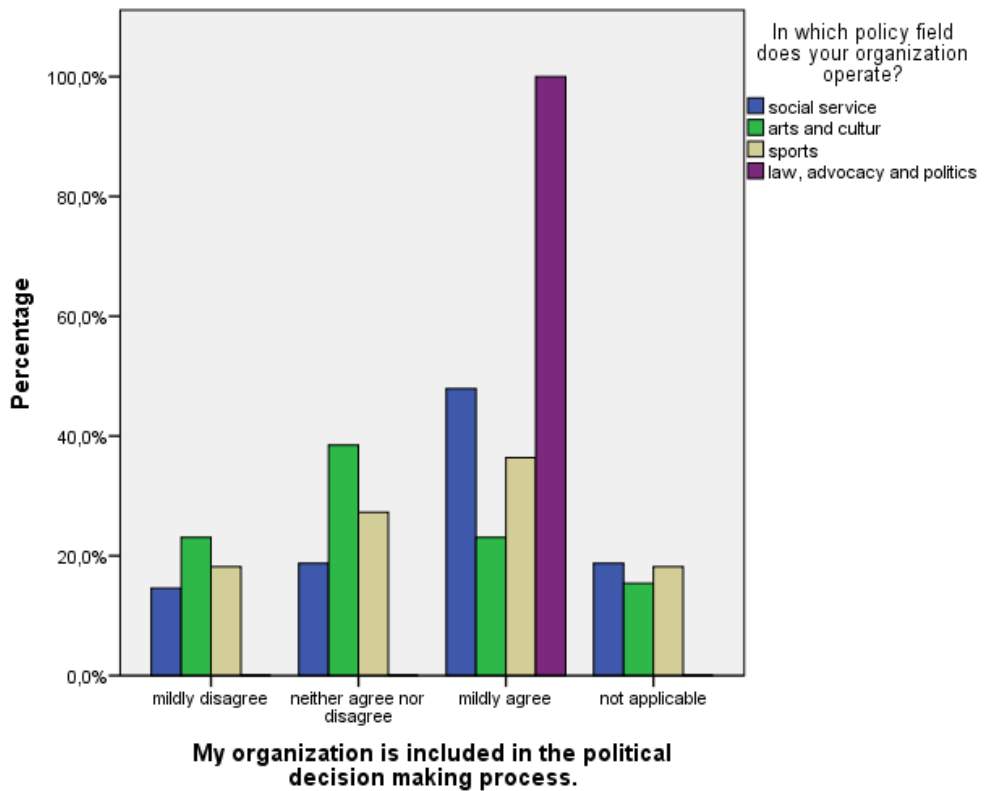
Figure 1: Result #1 regarding relations of TSIs to public authorities



Source: own research



Figure 9: Result #2 regarding relations of TSIs to public authorities



Source: own research

2.2 Summary of key barriers identified in survey

According to the findings in the survey, there are three key barriers:

A financial barrier stems from a lack of public funding, as this is the main source of resources for most TSOs. In addition, the majority of organizations report a lack of private individual contributions and decreasing profit margins from business activities. Therefore, some TSOs need to increase their revenues from business activities in order to fill those gaps, thus the financial barrier restricts the organizations to serve their real purposes.

There is a minor barrier regarding volunteers, as the majority of TSOs indicated problems mobilizing volunteers for operative tasks and board activities. However, TSOs see themselves as attractive employers with highly motivated and skilled employees, thus the barrier is restrained.



Participants of the survey reported an ongoing trend of professionalization, thus increasing costs for professional controlling and evaluation occur. As expectations for the future tend to be negative for most TSOs, the potential of professionalization to solve future problems seems to be restrained. This marks a potential barrier, as TSIs have to develop and apply new strategies in future.

2.3 Policy field: Social and Health Services

According to the international ICNPO classification (Salamon et al. 1999), the field of social services includes three sections: social services, emergency & relief and income support & maintenance (Salamon & Anheier 1998: 23). In detail, the field of social services refers to a broad range of activities, e.g. child day care, youth welfare, services for families & disabled, ambulance service, fire departments, refugee assistance and other personal social services.

Smaller locally acting TSOs embedded in nationwide federal associations provide a major part of these services in Austria. The field of social services is the most important in terms of third sector workforce (Pennerstorfer et al. 2013: 64), as the provision of social services often is labour intensive. Therefore, volunteers have a key role in this field, since their commitment represents an opportunity for TSOs to limit staff costs (Simsa et al. 2004: 25 pp., Krenn et al. 2004: 5).

Due to demographic developments and other factors, the field is expected to grow in the future. Currently, there is a high share of female employment and high numbers of atypical forms of employment that characterize the field. The combination of high workloads, poor working conditions and a lack of public funding pose a threat to the quality of services provided (Krenn et al. 2004: 1, Simsa 2013a: 9 pp.).

2.3.1 Sub Sector Infrastructure

Umbrella organizations

In Austria, a sufficient number of umbrella organizations for social services exist, which engage in advocacy, whereas member organizations provide social and health services. Due to the problems of smaller organizations to carry on advocacy, this is an adequate division of labour. The largest organizations in this field are Caritas, Diakonie, Hilfswerk, Red Cross, and Volkshilfe forming the “Bundesarbeitsgemeinschaft Freie Wohlfahrt (BAG)”, and the association of social services and health organizations (“Die Sozialwirtschaft”). The majority of organizations in the field are organized in this association.

2.3.2 Finances



Financial Resources

About 50% of all financial resources stem from public funding, with the vast majority coming from service contracts. The share of donations is rather small. This dependency leads to the state having a say in the quality of services, a situation most NPOs dislike. “Whoever has the gold makes the rules. We don’t like the state sector tell us what to do, so we have to be careful not to be overruled” (Interview partner 14).

The financial crisis of 2007/08 and the general economic situation led to a reduction of public funding affecting organizations differently, while some do not report cuts, others do. Although the majority of organizations judges the situation of public funding comparatively good (mainly compared with Germany), many report subtle reductions like a lack in inflation adjustment, demanding more services for the same money or paying less for the same services (Simsa 2015). Nevertheless, the overall good reputation of organizations ensured a relatively stable level of donations.

Regarding donations, there is a partial barrier for organizations working with refugees, whereas subjects such as child welfare or handicapped persons are able attract much more.

New forms of financing

Donation marketing becomes a more important component in NPO financing, although there is some criticism. The way NPOs are evaluated (in percent of funds that reach people) is counterproductive to that form of financing, since marketing activities need some money invested in order to function. Although this way more money (absolute) can be collected and used for service provision, the result in an evaluation is worse. Some NPOs ask for other methods, e.g. impact measurement.

Modalities of public sector financing

Financial resources from public funding do not come from a single source. NPOs have to meet the requirements of several stakeholders and live up to their expectations. This circumstance leads to various conflicts of interest that need to be solved.

As already stated, one of the most important components of the financial structure of NPOs are financial resources from public service contracts. There are several problems that need to be clarified. There are different actors offering public service contracts e.g. nation state, federal states and cities that include different types of services e.g. ambulance service, care or other social services. The public tenders are potentially very specific, only asking for single services.



In Austria, since there are some universal service providers, some of them are having problems to meet the demand for specific specialized services often requested in public tenders. Some NPOs ask for detailed notes about the scope and quality of the service and describe the tendering policy as non-transparent.

Furthermore, most organizations acting in this field are TSOs, but there is no preference granted to them in comparison to FPOs. There is a discussion about enacting an adequate EU law.

Especially smaller organizations are indirectly excluded from competing for public service contracts, because there is a big planning uncertainty. As there are no legal embedded index adjustments in these contracts and services have to be partially financed in advance, smaller NPOs with less financial resources are not able to take part. Also there is a big discontent with project financing: “The public sector needs to reduce this and get stronger into program funding, because currently most of our projects are funded for one year. The money often arrives too late and we have to pre-finance it. Smaller NPOs cannot do that. And then it’s not even sure if we can go on with the project next year” (Interview partner 13).

Regarding service contracts NPOs have to prove accountability. Advocacy is seen as a crucial part of most NPOs activities, but there is no way to settle the costs involved yet. This results in a conflict area between advocacy and provision of services.

As innovation activities are associated with uncertainty and the expenditure of public funds need to be further legitimized, some NPOs stated to have reduced those activities. In the long run they need a way to innovate their structures to be able to compete with FPOs.

EU Financing

The financial crisis of 2007/08 and the general economic situation led to reduced public funding. There is a shift from subsidy-based to service-based financing in Austria.

2.3.3 Image

Public trust

As stated above, expenditures of public funds need to be legitimized. The shift to service contracts forces NPOs to make their services accountable. Besides the problems to quantify advocacy, the general quality of services is cut, because simple secondary activities e.g. conversations with elderly are eliminated. One of the NPO managers explains that there is no time for things like having a chitchat, “[...] for example care. The



staff says it is no longer possible to sit down at someone's bed and have a talk that is not provided in an accounting column" (Interview partner 10).

Public service contracts do not have index adjustments included. In order to ensure the maintenance of provided services yearly negotiations are necessary, although they endanger the image of the organizations due to rigid negotiation methods. As a result of financial pressure, organizations must become more professional and business-like which potentially undermines the public trust in the social and charitable mission of the TSO.

2.3.4 Inter organizational linkages

Relationship with TSOs (e.g. cooperative, competitive, cohesive)

Generally, there is a lot of cooperation and some competition between TSOs. However, due to professional confidentiality it is prohibited to reveal knowledge gathered within the scope of the service provision to other organizations. This hinders social service providers to more efficiently cooperate with other TSOs, as information regarding clients may not be shared.

Access to policy institutions

In Austria there is no specific NPO ministry, but several responsible authorities depending on the field. Some NPOs ask for a separate NPO department. Nevertheless, many TSOs have good and long-term relationships to policy institutions.

2.3.5 Legal Environment

There are different legal frameworks for different federal states and most of the bigger NPOs also show a federal structure.

Common legal forms

For TSOs the same legal forms are adopted as for the third sector in general (see above).

Legal Restrictions

There are no legal restrictions for the sector in this field. Several laws regulate the specific services, e.g. professional confidentiality or training prerequisites etc.

Legal framework for volunteering

The majority of volunteers in Austria have health, liability and accident insurance. There is demand that volunteers can have a social and pension insurance as well. However, there is an option for a voluntary social year or civilian service that counts towards pension and social insurance.

2.3.6 Human Resources



Change of civic engagement

According to our interview partners, the numbers of volunteers and performed hours are slightly increasing, while the performed hours per volunteer are decreasing. NPOs argue that long-term volunteering is getting less and less attractive. This development causes more coordination efforts done by full-time employees, which increases staff costs. Some NPOs stated that due to necessary coordinating-efforts too many volunteers would stress the system.

2.3.7 Governance

Dominant management practices

Management of NPOs becomes more and more resource-oriented.

2.3.8 Key barriers in Social and Health services

According to the interviews with representatives of the policy field social and health services, there are two key barriers:

As the majority of financial resources of NPOs stem from public, problems related to the shift to service contracts form a barrier. As contract negotiations with public authority harm the image of the organization, most see themselves in weak bargaining positions. Thus, the lack of valorization, a systemic exclusion of smaller NPOs from public tendering processes and increased demands for accountability of services are perceived as key barriers.

In general, there is a lack of volunteers. As their commitment became more short-term and project oriented, the necessary coordination efforts for NPOs increased. In order to make volunteering more attractive, many organizations would request health, liability and accident insurances for their volunteers, as the state should reward the contributions made to common welfare.

2.4 Policy field: Sports

Sports organisations have played an important role in Austrian society: gyms, football clubs or organizations for mountaineering form a vital part of everyday life and a basis for community building as well as personal development for many people. The pattern of the third sector being divided along ideological points of view is specifically marked in the fields of sports, with associations being clearly associated with political parties and with a strong history of sports clubs in connection with the national socialist's regime.

2.4.1 Sub Sector Infrastructure

Umbrella organizations



The Austrian federal sports organization (BSO) consists of 60 professional sport associations, three federal amateur sports associations (ASKÖ, ASVÖ and SPORTUNION), sport organizations for people with disabilities (Austrian Disabled Sports Association, Austrian Paralympic committee, Special Olympics Austria) and the Austrian Olympic committee.

The three federally organized amateur sports associations represent more than 3 million members. They are supporting local sports clubs and non-competitive sports and therefore provide an extensive network of sports associations in Austria. They engage in the field of prevention as well and take part in a sports project for kids "*Kinder gesund bewegen*" (healthy movement for kids) since 2009.

The 60 professional sports associations are full members of the BSO, coordinate the different professional sports at federal level and represent them in talks with public authorities. Despite negotiating, professional sports associations organize national championships, tournaments and leagues, and delegate athletes to international sports events, e.g. European and world championships.

Sport clubs usually are members of their respective professional sports association and member also of one amateur sports association. Public funding is the most important financial source for most organizations in this field. According to the act on federal sports promotion, there are 80 million attributed to sports. 50 percent are for the competitive and high-performance sport, 45 percent are provided for amateur sport and organizations with specific tasks, e.g. BSO, ÖOC, ÖPC, SSE, ÖBV, receive 5 percent. The subsidies are divided into basic grants and measure or project funding.

Besides umbrella organizations there are professional associations. Overall, this field is well organized and the umbrella organizations are a support for TSOs. However, using umbrella organizations' money to promote health and fitness has been critically reviewed, as campaigning and activities on that topic are a task of the health ministry, according to stakeholders. Some interviewees state that umbrella organizations are not familiar enough with the problems of TSIs and show a lack of understanding and advocacy, as smaller TSIs are not adequately recognized by interest representatives.

2.4.2 Finances

Financial Resources

Most representatives argue that there is enough money for sports in Austria. Yet, the professional associations struggle with a lack of resources (financially and staff), pursuing basic subsidies for small associations doing "non-popular" sports like athletics, as there is an unequal distribution of funding. Further, there is a noticeable financial disparity



between mass sports and top sports, as top sports are slightly favoured by the distribution of funding as well. In addition, it was reported that public funding does not cover some costs, e.g. excess baggage (like heavy sports equipment) or ticket reservations (necessary for groups of children).

Further, the numbers of patrons and sponsors have decreased. While previously big companies used to support different types of sports, since a few years, the so-called “big five”, namely football, golf, skiing, formula one or tennis are increasingly neglected: “[...] these are our five major sports and everything else ‘Bye’! And so the less popular types of sports, which are not as good usable for the media, are getting under pressure!” (Interview partner 7).

Modalities of public sector financing

Even in times of crises, public financing was stable. However, stakeholders complain about the distribution of available money. The three umbrella organizations and the football association as well as the “Verband der Alpinen Vereine” are passing on 40% of public funding to sport associations/clubs. Unlike other organizations, football clubs are members of the umbrella organizations and football associations, whereby they can receive support from both bodies. However, the received money is earmarked for a specific purpose, so the TSIs are not flexible enough in spending.

Stakeholders also complain about the accounting systems, which they see as too arduous, time-consuming and bureaucratic. Further, different performance criteria are applied, as e.g. top sports have to participate in European championship or world championship be entitled to receive some of the Austrian public funding.

2.4.3 Image

Public trust

The sports clubs have to deal with negative headlines, as individual cases portrayed in media may lead to a general bias in society. One of the interviewees reported an incident, where dedicated money for travel costs were peculated. Incidents like this have affected public trust and higher transparency and professionalization is required.

2.4.4 Inter organizational Linkages

Relationship with TSOs (e.g. cooperative, competitive, cohesive)

Unequal financial conditions create conflicts between the different stakeholders, as there is competition regarding funding. However, cooperation of the TSIs is not negatively affected by unequal distribution.

2.4.5 Legal Environment



Legal Restrictions

Interviewees complained about legal restrictions. The legal basis was changed in 2014, with the primary goal to create a “one-stop-shop” (*Sportförderungsfonds*) for all federations and therefore to reform the sports field. However, interviewees are not sure if the anticipated changes actually are positive for the sector. Now sports clubs have to declare all their needs in advance. It yet has to be clarified which umbrella organization will be responsible for sports funding. Further, clear boundaries between national and federal support are defined. Sports clubs hoped that the change would reduce bureaucratic burdens, especially accounting, but it seems to create extra efforts: “There are additional expenditures for all the associations, [...] [as] they have to create a complete list including every bill, this was not necessary previously.” (Interview partner 15).

Another aim is to introduce a new database for transparency. Only the sports ministry has full access to the existing database, associations only see information regarding their own organization. The new system will ensure transparent information especially on funding for all involved organizations.

The legal restrictions increased the demands on the employees, as administration and billing are very time consuming and the billing guidelines are very strict (e.g. Problems with online billing, strict requirements how the bills should look like). There are also problems with foreign invoices (e.g. due to the tax). One interviewee states: “The invoicing costs an incredible amount of time. We are supposed to make sports, but at the moment we manage ourselves to death and that's a problem!” (Interview partner 1).

Since bills from several years ago are sometimes required, controlling by the public sector takes too long. While different accounting policies of different funders are seen as a problem, at the same time, standardized guidelines and a lack of flexibility cause some costs not being covered e.g. higher costs for accommodation at competitions than stated in the guidelines will not be paid.

2.4.6 Human Resources

2.4.6.1. Volunteers

Change of civic engagement

Like in other fields, civic engagement has changed to more short term, project-based and selective commitment, especially regarding young people: “[...] they don't want to commit themselves, so they come as they want; [...] we have to find a way to commit them on long-terms” (Interview partner 15). Also, there is a lack of volunteer chairpersons. One interviewee complained about a general lack of volunteers in sports.



The volunteer image was called old-fashioned, especially for young volunteers in urban areas; in rural areas it is easier to find volunteers.

Attractiveness for volunteers

Apart from the problem mentioned above of decreasing attractiveness especially for young volunteers, interviewees reported problems like the lack of benefits, of sufficient legal information and of security - not all sports clubs insure their volunteers.

Another problem is that the association's board members are personally liable for (serious) negligence.

2.4.6.2 Full time staff

Attractiveness as employer

Sports clubs have problems to find professional trainers, because professional work sometimes is not adequately paid by the TSIs, as flat-rate billing is often used. One of the interviewed persons talked about precarious conditions, especially for the trainers. There are no standardized amounts for wages depending on education for trainers, instead, clubs and associations are able to set their own conditions. As a result, sometimes even more qualified trainers than others get less money for their work, due to different financial situations of the TSIs.

2.4.6.3 Executives

Recruitment of executives

In general, the organizations have problems to recruit leaders and voluntary board members.

2.4.7 Institutional facilities

Equipment / facilities

According to representatives of sports clubs, umbrella organizations should offer more equipment. It was criticized that resources, e.g. sports halls, are used for various events like weddings, music events and so on, so not enough space and time for sports is left. "In Linz, we have, for example, a hall with 200-meter running track, amazing, a great hall, but there are also the 'Musikantenstadl', Turkish weddings and tennis tournaments. They are all inside, when we want to train and work out" (Interview partner 1).

2.4.8 Key Barriers in Sports

There are two barriers in the policy field sports:

Regarding finances, there is an unequal distribution of resources within the field. Niche and mass sports (in relation to "popular" and top sports) receive only a little share of the



available funds. In addition, there was an amendment to the law in 2014 obligating associations to keep suitable accounting records. Therefore, some bigger NPOs complain about more bureaucracy.

The circumstances of volunteering are similar in all policy fields. The modes of commitment shifted, there is a lack of volunteers for board activities (due to liability issues) and their contribution to common welfare is not (at least not monetarily) rewarded.

2.5 Policy field: Arts and Culture

The field of arts and culture shares similar difficulties with the rest of the third sector regarding the blurring of boundaries. The field ranges from various forms of music clubs, to independent theaters, dance clubs, etc. Apart from the lack of reporting obligations the diversity of the field makes it difficult to assess its quantitative importance. Therefore, federal statistics lack data and show several blind spots.

According to an expert, there is a very large number of NPIs in rural areas, especially folk art clubs and music clubs. Therefore, community building is an important and sometimes underestimated societal function of this field in particular and the whole TS in general. As these institutions often promote community building, this is one of the driving forces for the establishment of or participation in these organizations. Overall, the field of arts and culture has diverse and thus weak interest groups. There is a lack of a complete overview on which and how many organizations and interest groups exist.

Generally, the field is linked very strongly to the public sector, as large parts of the field are highly dependent on public money and on political decisions. Besides these TSOs, there is a (probably) growing group of organisations in arts and culture that act besides established institutions, often using new forms of “production” and communication, like the web, crowdfunding etc. So far, there is little knowledge about the significance of these subcultural forms.

Interest groups are formed according to different divisions. The most common and oldest interest groups can be found in fields where precarious employment and self-employment dominate, e.g. fine arts. Artists with secure long-term employment relationships, e.g. orchestra musicians, are eligible for union representation. Therefore, the need to form own interest groups or join them is less necessary. Regarding finances, the interest groups raise membership fees and are supported by the (federal, provincial and / or municipal) cultural budget.

The amendment of the law regarding taxes of TSOs entails disadvantages for cultural institutions, since only few organizations benefit from the changes. Instead of granting



tax deductibility of donations for arts and culture organizations, a new cultural development institution is supposed to handle large donations from foundations under deduction of administrative expenses. This only promotes a very small number of cultural institutions and does not set a cultural policy impetus for the future¹.

2.5.1 Sub Sector Infrastructure

Umbrella organizations

Despite the comparatively late establishment of the organization, the “*Interessensgemeinschaft Kultur (IG Kultur)*” (Interest group culture) represents the largest advocacy group. However, there are other interest groups, e.g. “*IG Bildende Kunst*” (interest group fine arts), “*IG Freie Theaterarbeit*” (interest group theatre) and “*IG Autorinnen Autoren*” (interest group writers), in this field as well. *IG Kultur* is an umbrella organization with 362 members from the field of cultural initiatives². Primarily, they engage in political lobbying for necessary legal improvements to ensure the protection of cultural initiatives and to improve the social security of cultural workers³. Lists of demands, consultations and recommendations provide the political work on federal and state levels. In addition to legal advice, representation and information events, *IG Kultur* offers their members seminars and trainings for culture politicians and provides an appropriate documentation of workshops and conferences. The *IG Kultur* Austria has representative offices in all provinces, although their activity levels vary.

2.5.2 Finances

Modalities of public sector financing

NPOs depend on public funding, because there is a lack of patrons of the arts since the tragedies of Second World War. Although public grant agreements that usually cover 1 – 3 years and therefore permit engagement in advocacy, financial resources for cultural policy issues are not sufficient. Further, those agreements lack valorisation and often are uncertain, which forces NPOs to build financial reserves. “We get from the City of Vienna de facto the same amount, we got nine years ago [...], so, as less money was there, the salary costs had to be matched internally, which was at the expense of artistic production” (Interview partner 3). This affects the ability to sustain the quality of their programs and leads to precarious working conditions, because public project financing does not cover full costs, e.g. overhead costs. “The Situation is precarious; my organizations are all precarious, because not every project is fully financed” (Interview

¹ <http://igkultur.at/>, access on 08/13/2015.

² <http://igkultur.at/mitglieder>, access on 08/13/2015.

³ <http://igkultur.at/import/organisation/mission>, access on 08/13/2015.



partner 12). Furthermore, financial resources from public grant agreements are often paid late, e.g. some NPOs report a ¼-year time lag and up to 10 percent of the granted funding are usually held back until the project is finished.

Acquiring public financing needs extensive efforts, this tie up time needed for actual activities of the NPOs. Some NPOs criticize that public institutions lack transparency regarding contracts, when being asked for further information, e.g. totally rejected requests. There often is uncertainty regarding the content and scope of public contracts and some contracts seem to target single service providers and organizations only.

Public institutions monitor assigned grant contracts strictly, which limits the flexibility of NPOs. If financial resources are not depleted completely, the state usually cuts them in following contracts.

Methods used for evaluation vary arbitrarily and NPOs are unaware of the calculation applied in advance. Furthermore, inspectors from public authorities usually apply the form of calculation method that is beneficiary to the supporters. “They are like changing the methods from inspection to inspection, and they say they are obligated to use the cheapest method” (Interview partner 4). Expenditures rise due to more intense inspections, since there are increasing bureaucratic requirements to be met. Some NPOs claim the costs of these audits to be higher than the money spent for actual activities.

Generally, contracts are designed in favour of the supporting institution. As TSIs see themselves in weak negotiating positions, public institutions sometimes are able to press TSIs to sign contracts containing substantial disadvantages. Increasing competition and missing benefits for non-profit status intensify this situation. However, there is a current trend towards public service contracts, while NPOs ask for more subsidies. Some NPOs do expect even less public subsidies in the future. TSIs are looking for alternative sponsors, e.g. privates and businesses, although they are aware of depending on them in the future.

EU Financing

Acquisition of public funds is very time-consuming, particularly at EU – level. Some NPOs do not aim for EU project financing, e.g. ESF, as it does not cover full costs and to some extent, national co-funding is not possible. Parts of tenders are often inflexible and formulated in an unclear way, which is why some NPOs only have a small incentive to participate.

2.5.3 Image

Public trust



Some NPOs reported that the public and political parties sometimes try to brand them as front organizations of political opponents. Especially TSIs engaging in smaller, regional contexts are often targets of denunciation.

Confidence in professionalism

Organizations of the arts and culture field are insufficiently professionalized to some extent. Umbrella organizations needed to provide appropriate assistance in order to prevent losses.

NPOs are evaluated by the means of quotas and standards instead of their social impact. This makes NPOs to focus on figures instead of quality. TSIs are complaining about the fact that “[...] the impact is just measured in numbers not the real impact the organizations have” (Interview partner 4).

2.5.4 Inter organizational Linkages

Relationship with TSOs (e.g. cooperative, competitive, cohesive)

Sometimes internal conflicts in umbrella organizations occur, because of disputes between a member organization and members of this association. It sometimes is difficult for umbrella organizations to determine whom to support in case of a debate.

Access to policy institutions

Some NPOs desire more communication and interaction with the government.

2.5.5 Legal Environment

Legal Restrictions

In order to be able to request subsidies, initiatives need to establish formal structures by e.g. forming an association. Most of the barriers regarding legal restrictions are connected with the question of public funding and are discussed in chapter 2.4.2.

Regulation of Taxation (e.g. tax exemption)

Most organizations engaging in the field are excluded from deductibility of donations.

2.5.6 Human Resources

Role of volunteers

As there are incidental wage costs, e.g. health insurance, that most NPOs have to bear themselves, some NPOs are not able to include volunteers due to a lack of financial resources.



Attractiveness as employer

There are precarious working conditions due to financial challenging situations of NPOs. However, according to the survey, NPOs in this field see themselves as desirable employers that are able to attract motivated and skilled employees.

2.5.7 Institutional facilities

Bigger NPOs are able to meet service contracts, thus they can act more flexible in planning phases, whereas smaller NPOs report more uncertainty. Thus, bigger NPOs have competitive advantages.

2.5.8 Governance

Organizational structures

Organizations engaging in the field of arts and culture are embedded in a vast network of interest groups. However, communication between federal and national organizations often is vague. As there sometimes are different opinions of member and umbrella organizations regarding policies, aims cannot be clearly defined. Thus, the ability of the umbrella organization to advocate for their interests is limited.

2.5.9 Key Barriers Arts and Culture

NPOs criticize public institutions for lacking transparency regarding awarding processes of grant agreements. Most NPOs in this field are neither beneficiaries of tax deductibility, nor able to provide services within the scope of public service contracts. Therefore, organizations in this field depend on public subsidies and grants, as it is difficult to attract private donations.

2.6 Law, advocacy and politics

Most NPOs fulfil several social functions at the same time that may be classified as service, advocacy and community-building functions (Neumayr & Schneider 2008). The advocacy function implies a political orientation, i.e., the confrontation of society with issues that are otherwise ignored or not enough addressed. All NPOs that are at least partly advocacy-driven and thus endeavouring to influence society can be seen as part of civil society. However, some NPOs fully dedicate to advocacy, thus constituting a separate policy field (WP2: Field Guide No. 1A Northern Europe).

The aim of interest groups, also referred to as advocacy, is to change and/or maintain social norms and values in the interest of certain groups. This is achieved in two ways: Firstly, there is an attempt to negotiate with the relevant decision-makers directly. Secondly, advocacy mobilizes the society and creates awareness (Neumayr 2010: 58).



According to Kimberlin, “advocacy is one of the most important roles played by nonprofit organizations in a democracy” (2010: 166).

Although this field is rarely discussed in literature and is barely recognized quantitatively or qualitatively in Austria, the field “law, advocacy and politics” is of growing importance. While global activism is vociferously performed, the Austrian TSIs often try to catch attention more quietly.

There is a distinction made between a loud and faint voice in the Austrian TS. Campaigning, protests and social movements are associated with a loud voice, whereas direct backstage negotiations with decision-makers (public sector and others) represent a faint voice. While actors of civil society, e.g. global activists, call for protests, the TSIs tend to seek compromise solutions. By applying this strategy, TSIs focus on negotiations in order to put issues on the public agenda and to jointly seek solutions. Second, as advocacy aims for the creation of social awareness, they need to address existing shortcomings and mobilize the public in order to make a change (Simic 2014).

2.6.1 Finances

Financial Resources

Acting in the fields of law, advocacy and politics is accompanied by the need for financial independency. Therefore, NPOs are especially depending on donations in order to ensure their freedom of action. However, there are topics, e.g. traffic, that are less attractive for private donators. Several NPOs report an increasing competition for donations between various topics. Some NGOs, e.g. Attac Austria, are unique, which enables them to be publicly visible and obtain more donations.

In this field, as administration often is the only cost factor, it is particularly challenging to legitimize fundraising without any concrete projects. Transparency and donation seals of quality foster the ability of NPOs to collect donations.

New forms of financing

Crowd funding is a new possibility for many NPOs and organizations. However, efforts taken for financing drain time resources of volunteers which would be needed to realize certain projects.

2.6.2 Image

Public trust

In answer to the accusation of advocacy being idealistic and non-implementation-oriented, some NPOs provide services for FPOs within the scope of specific projects. Formerly realized projects, e.g. removal of pesticides from crop protection products, show donators already achieved results of the TSI.



2.6.3 Inter organizational Linkages

Access to policy institutions

In order to bring about a change, NPOs need to cooperate with policy institutions. The interviewed persons endorse wholeheartedly the opinion that professionalism and a willingness to negotiate is essential for NPOs engaging in advocacy, as organizing protests only is insufficient. Political actors are barely able to cooperate with organizations lacking those qualities. One of the NPO-managers illustrates this: “Now we have a much better standing because of our professionalism, the state sector sees us now as a reliable partner and not any longer as the one which permanently is chained up at the front door.” (Interview partner 12) As a result, many groups starting as initiatives become associations or build up some formal structures in order to ensure connectivity to other institutions.

There is a lack of direct democracy in Austria. As political decisions are sometimes not based on a public opinion, protests arise hindering the implementation of those decisions. However, some organizations, e.g. ASFINAG or ÖBB, proactively integrate actors of civil society during planning phases already, thus decreasing the risk of occurring resistance.

2.6.4 Legal Environment

Common legal forms

Grass root organizations using flat hierarchies and network structures are slightly forced to organize themselves as associations in order to be able to run donation accounts. However, there are opportunities for initiatives to acquire financial resources, e.g. via sponsoring, that do not require such formal structures.

Legal Restrictions

There is a need for a clear legal framework for activists in Austria. NPOs call for legal certainty for their members participating in protests, as political activism is seen as a part of the organization itself in this field.

There is a need for protests to be visible to the public. The interviewees criticized that “there are actually demonstrations that are groundlessly rejected, just to calm down everything [... but] if I have something to say peacefully, then it must be possible in a democratic state.”(Interview partner 19). However, public authorities sometimes decline or dissolve registered demonstrations for no reason, thus cutting basic civil rights. They are successfully applying this strategy to delay spired goals and to discourage volunteers from participating at protests.



Regulation of Taxation (e.g. tax exemption)

As stated above, NPOs engaging in law, advocacy and politics are depending on private donations in order to maintain their independency from public stakeholders. However, due to their lack of charitable purposes organizations in this field are not nominated as beneficiaries of donations.

2.6.5 Human Resources

2.6.5.1 Volunteers

Change of civic engagement

In this field we see the same trends as in the whole sector: “In the old days, people picked organizations consciously [...]” (Interview partner 6), whereas today they are more project- and topic-oriented. Therefore, volunteers often work for different NPOs at the same time. Since NPOs need to integrate their volunteers quickly, they have to professionally manage them.

There are signs of fatigue of volunteers engaging in the field of advocacy and policy since successes occur more seldom due to mostly hopeless struggles against more powerful opponents. Many interviewees note the importance of setting limits to personal engagement in order not to overexert oneself.

Attractiveness for volunteers

Regarding motivation for civil engagement, it was stated that people are mostly volunteering against certain political decisions. It is very hard to actually mobilize someone to support specific initiatives, therefore people starting or initiating projects and events are rare.

Most volunteers are timely limited by their employment.

Since volunteers and the society benefit from civil engagement, there should be more appreciation for them.

Rewards cash or in kind, e.g. wage tax reliefs for volunteers could potentially increase the attractiveness of civic engagement.

2.6.5.2 Full time staff

In general, there is a lack of financial resources for an appropriate number of full-time employees needed to manage volunteers.

2.6.6 Governance



Organizational structures

Some organizations, e.g. grass-root organizations, use specific network structures in order to communicate appropriately, since regular meetings with most members are not feasible. Communication processes and consensus building are potentially wearing and tedious, although decentralized decision-making can simplify the process. The problem that grassroots often have in decision making is that, “[...] it is not possible to discuss everything in plenary, otherwise it takes forever to decide.” (Interview partner 20)

Former experience shows, that cooperation with local stakeholders can be simplified by a more formal organizational structure. Associations are more bureaucratic than grass-roots, but ensure securities on different levels since they are a legal entity. “Association sounds of course always very bureaucratic for an initiative, but it gives some guarantees. The outsiders know to whom they have to address without contacting all members. It simplifies a lot.” (Interview partner 25)

2.6.7 Key Barriers law, advocacy and politics

The key barrier of the field is connected to volunteering, although the problems are different. Unlike other fields, NPOs in the field do not lack volunteers. However, staff members need to coordinate and integrate volunteers more quickly, as the commitment of volunteers changed. Therefore, the coordination capacity the organization limits its mobilizing potential. In addition, as activism is a part of the organizational culture, many interviewees reported a lack of legal framework for volunteers participating in protest action.

3 Common Trends

In the following, we will first give an overview of general trends in the Austrian Third Sector, based on literature and the qualitative work on barriers performed for WP5 of the TSI-project. Second, we highlight the trends being indicated by the Austrian best-practice case studies.

3.1 Common trends being indicated in literature and interviews

Common trends in the Austrian third sector are to a wide range reflecting those in other Western European countries, particularly in Germany (Freise & Hallmann 2014, Zimmer 2014, Zimmer & Simsa 2014). Literature focusing on the Austrian third sector thus points to the following general trends (Meyer & Simsa 2013, 2014, More-Hollerweger et al. 2014, Ruth Simsa & Schober 2012):



First, a higher relevance of managerialism can be observed, which means, that TSOs are increasingly gaining legitimacy by applying business-like methods and business-like organizational forms. Thus, what Sanders describes as an inherent tension between mission and market, being the consequence of working for the common good (Young & Salamon 2003) and the necessity to function as financially independent entities within a market economy (Sanders 2015) at present seems to be (dis)balanced more and more in favor of TSOs becoming more business-like. This trend can be judged as an aspect of commercialisation.

Often, this trend is somewhat mixed up with the notion of professionalization. While the traditional notion of professionalism encompasses “occupational control of the work” through professional associations (Freidson 2001), in third sector discourses the term often refers to efficiency and effectiveness, to stakeholders’ needs and innovation (Meyer et al. 2013). In regard to managerialist TSOs, the term refers to being controlled by management boards. Thus, “professional bureaucracies” become managed organizations (Mintzberg 1983). The development of the Austrian third sector in the last years shows significant professionalization especially of management and organizational development (Simsa et al. 2013) and it is to be expected that this trend will continue. Since the 1990ties, NPOs increasingly have applied management methods and hired management staff.

A driving force towards increasing managerialism is the pressure towards accountability (Christensen & Ebrahim 2006, Ebrahim 2005, 2009, Hittleman 2007). NPOs are not only expected to act in accordance with accounting standards and management control, they are more and more forced to unfold their impact. Philanthropy is not based on trust and compliance mainly with a NPOs’ mission any more, it has been increasingly exposed as social investment or impact investment (Maier et al. 2014). Philanthropists apply the Social Return on Investment as their major rationale (Lingane & Olsen 2004), thus forcing NPOs more and more to apply corresponding managerialist methods.

These developments are accompanied and partly caused by developments regarding the relations of the public sector and TSOs, that have been shaped by empty coffers, especially true at the regional and the municipal level and by concepts of public management that focus on service contracts instead of subsidies. The “worldwide shift toward market solutions for solving public problems” (Wijkström & Zimmer 2011: 10 p.), the deregulation and privatisation of social tasks can also be seen in Austria, yet in a so far mitigated version in a still more or less functioning welfare state. We assume that competition will be implemented even more radically: social services are increasingly financed by grants given to clients instead of organizations.



Generally, as a consequence of ideological developments, the increase of the amount and the concentration of private wealth and changing practices of public spending, private donors have gained importance, so far not mainly in a quantitative sense, but also in qualitative terms. Especially private foundations are increasingly becoming the center of attention, of fundraising activities and of management strategies. With regard to these forms of philanthropic capitalism, Austria seems to be a taillight of the European development, but it is catching up.

The common trend of blurring boundaries, leading to an increase of „hybrid“ actors like social entrepreneurship, social businesses, venture philanthropy and public-private partnerships as well as to a certain convergence of all sectors seem to be relevant for the Austrian third sector as well. An aspect of this development is the accelerating competition between NPOs and business organizations. Developments of the European competition law might lead to further liberalisation and increased competition between profit- and nonprofit-organizations and thus might have even more severe effects on the sector (Herzig 2006).

In the last years, many policy fields where nonprofits are substantially engaged have gained importance, e.g. sustainability, ageing and care, migration, health, social inequality, youth and education. Demographic changes will further accelerate these developments (European Commission 2012). Two general trends are evident: First, in the field of social services, demands of clients for quality which had been rising in the last decades will probably further increase. Clients and their relatives expect professional services, tailored to their needs. Second, as a consequence of growing social inequality and structural unemployment as well as of reduced public infrastructure, new and demands will arise (Maaser 2009: 216). In any case, nonprofits won't run out of work.

Regarding civic engagement, we find more diversity, but less stability and loyalty. The third sector is confronted with quantitative shifts, leading to slight reductions of voluntary work mainly due to urbanisation and the lower engagement rates in cities compared to rural areas (Eva More-Hollerweger & Rameder 2013; Rameder & More-Hollerweger 2009). Further, there is a basic shift in individuals' motivation to volunteer. Civil engagement and volunteering has become more project oriented and increasingly linked to individual goals and values. It will be an ongoing challenge for TSOs to develop management strategies and organizational structures to cope with quantitative and qualitative changes of volunteering.

Regarding the role of the third sector on the labour market, estimations showed 212.000 contractual relations in the Austrian TSI, which is a share of 5,2% of the working



population. In full-time equivalents, data are available for 2001, showing 85.570 full-time equivalents (Pennerstorfer et.al. 2013). Although sufficient and actual data is lacking, a trend towards an increase of employment in the sector is out of question. Given new demands regarding services of the sector mainly due to demographic developments or immigration, this trend will further increase.

To summarise the dominant aspects of the development, a strong trend of economisation is shaping most parts of the Austrian Third Sector, leading to more market-structures in the field, to increasing applications of tools and methods of the business world, to financial insecurity, increased competition and the necessity to develop and prove increased efficiency. On the other hand – and this might partly be a consequence from changes in the institutional environment of the Third Sector – organizations have undergone a significant process of professionalization.

3.2 Common trends deducted from case studies

The case studies can give a qualitative but informative picture of future trends in two aspects: On the one hand the comprehensive study of the microcosm of selected organizations gives an intensive picture of developments and strategies “under the microscope” that might point to further trends in the whole sector. On the other hand, the fact that best practice organizations were chosen might highlight the strategies of first movers and thus also point to trends that will be of increasing importance in the future.

Nevertheless, a restriction can be seen in the effect of organizational life cycles. Thus, for example, increasing market orientation need not be mainly the result of changes in society and “the world outside” but could be the result to be expected at a certain age and development of the organization.

Nevertheless, the picture of this small universe of case studies is confirming the trends named above. Against this background, the following topics were highlighted:

3.2.1 Going business

Most case studies reflected the common trend of economisation. This is specifically expressed in a growing market orientation. Apart from social service and advocacy organizations, organizations have adapted to the decline in public funding. They are oriented mainly towards selling services and shape their strategies accordingly.



For example, the term social business is gaining importance. According to the definition by Yunus, social businesses must be based on financial and economic sustainability⁴, thus paying investor's money back and not relying on public money. Other organizations do not so much use this term, but stress, that their services are of high quality and being delivered in a very professional way, thus they "should have a prize" reflecting this effort. Consequently, these TSOs tend to demand higher rates for their services. Market income is gaining importance, a trend that is not so much criticized as in literature but framed positively as a sign for and effect of professionalism and quality.

Along with these strategies, the language within the organizations is changing respectively challenged: All organizations under investigation show besides the growing market orientation a high orientation on values and this mission-market tension is reflected in discussions regarding terms and language. The case studies show a necessity to discuss matters of language intensively with these communication processes seeming to be one important organizational form of processing the tension between the social mission and the demands of the market, thus finding a productive and value-oriented way of integrating new demands with the culture and the goals of the organization.

Besides matters of language, marketization almost always seems to be accompanied with internal conflicts, condensing at the balance of "not enough" and "too much" of becoming business-like. Again, intensive communication seems to be a necessary and effective strategy of balancing business principles and mission-goals in a suitable way.

3.2.2 Doing well – and increasingly better – while doing good

The demand of "doing well while doing good" (Moss Kanter & Summers 1987) has been met to a large extent in the last decades by TSOs. Also, in the Austrian case studies, professionalization has been stressed and demonstrated to a wide extent.

Apart from professional services and product delivery, this refers mainly to the following aspects, following the three dimensions of professionalization of individuals, of leadership and of the organization as a whole.

Regarding the professionalization of individuals, some of the organizations deliberately refuse to work with volunteers. They argue, that good work shall be paid adequately and that in many fields good work needs sufficient time and dedication that cannot be guaranteed by relying on volunteering.

⁴ <http://www.muhammadyunus.org/index.php/social-business/seven-principles>, access on 07/27/2015.



Regarding the professionalization of leadership and management, we find a high degree of reflexivity regarding adequate leadership styles and processes. Leadership, a certain wielding of power and clear decisions by leaders are accepted and seen as necessary.

The most important trends reflected by the case studies regard the professionalization of the organizations: Processes of succession planning with the goal of clear decision structures, thus making the organization less dependent on individuals (and even from founders) are set up consciously. Organizational communication cultures are reflected and developed intensively, regarding for instance formerly taboo topics like power or money, the communication of cultural differences and problems or the general attitude to address conflicts. The development of clear leadership structures is a further important aspect, yet with interesting manifestations. Conventional literature stresses the necessity of clear structures often with a focus on hierarchy (Simsa & Steyrer 2013), thus reflecting what Reedy criticizes as the hegemonic discourse that frames and classifies organizing practices being derived from and supporting the dominance of neoliberal imperatives of hierarchy, control and economic instrumentality (Reedy 2014). Nevertheless, clear leadership structures can also be found in non-conformist structures guaranteeing shared decision-making, participative democracy and more prefigurative ways of organizing, being the experimental actualization of political ideals in the “here and now” (van de Sande 2013: 230 p.; Yates 2014) of the organization. Going along with results of social movement studies (Flesher Fominaya 2014) our case studies lead to the hypothesis, that there might be a trend to the professionalization of horizontal, leaderless organization, in the sense that “just because an organization is leaderless, does not necessarily mean that it is also leadershipless” (Sutherland et al. 2013: 759, 2014).

3.2.3 Glocalization – the rise of local community building

“Do it yourself and do it in your neighborhood” – in spite of increasing transnationalization of the third sector, local activities and networks might also be gaining importance, reflected by the rising interest in commons or collaborative consumption (Gansky 2010), consumer cooperatives (Knupfer 2013) and other forms of sustainable consumption or production, like more recent alternative business models towards a post-growth economy, suggesting a paradigmatic change from ownership towards an “access” and “sharing economy” (Belk 2007). More informal initiatives are rather young and grass-roots oriented organizations, which often act in the realm of social movements, and form a part of the third sector that is often neglected in third sector research. Findings from social movement organizations in other countries (Flesher 2007, Simsa et al. 2015) show the high significance of local integration and local orientation of many organizations. The gaining importance of organizations like food cooperatives, urban gardening and other



very grass roots oriented organizations might also be a trend in countries with less strong movements like Austria.



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