


# The Austrian Nonprofit Sector & Civil Society

*Reinhard Millner*

# Historical Development

- 
- ***Law on registered associations in 1867***
  - *Establishment of mutual benefit associations and savings clubs*
  - ***Interwar years: Rise of sports clubs***
  - ***After World War II: reinvigoration of nonprofit sector by support of political parties (social democrats/people's party).***
  - ***Declining political influence of (Catholic) Church and expansion of service delivery (e.g. social services, health, education)***
  - ***1950ies/60ies: evolvement of Austrian corporatist system (economic and social partnership) with an emphasis on institutionalized negotiations between political parties, the labor movement, professional associations and nonprofit organizations***

# Historical Development

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- ***From the 1970ies:*** emergence of organizations in the fields of human rights, ecology and support for disadvantaged groups (e.g. homeless, addicts, disabled)
  - ***From the 1980ies:*** Work integration social enterprises (WISEs)
  - ***From the 1990ies:*** refugees assistance, migration alongside with many cultural organisations founded
  - ***2010ies onwards:*** Relatively strong discourse around Social entrepreneurship, Social business
  - ***2015:*** Public discourse around the term Civil Society with respect to current refugee topic

# Characteristics of the Austrian Nonprofit Sector

- **Federalism and local autonomy**

Structure of (large) NPOs reflects state structure (9 provinces, etc.)

Often strong autonomy at the regional level with federal umbrella

- **Influential unions and employers' associations**

Federation of Austrian Trade Unions (OeGB),

Federation of Austrian Industries (Industriellenvereinigung)

- **Traditional two-party system: „red“ and „black“ NPOs with identical function in many fields**

- **Many NPOs are connected to the Roman Catholic Church**

- **Large number of associations (“nation of joiners”)**

# Influence of prior strong Two-Party System

## Social Democrats



## People's Party



Rescue Services

Sports

Automobile

Social Services

Housing

Alpine Nature

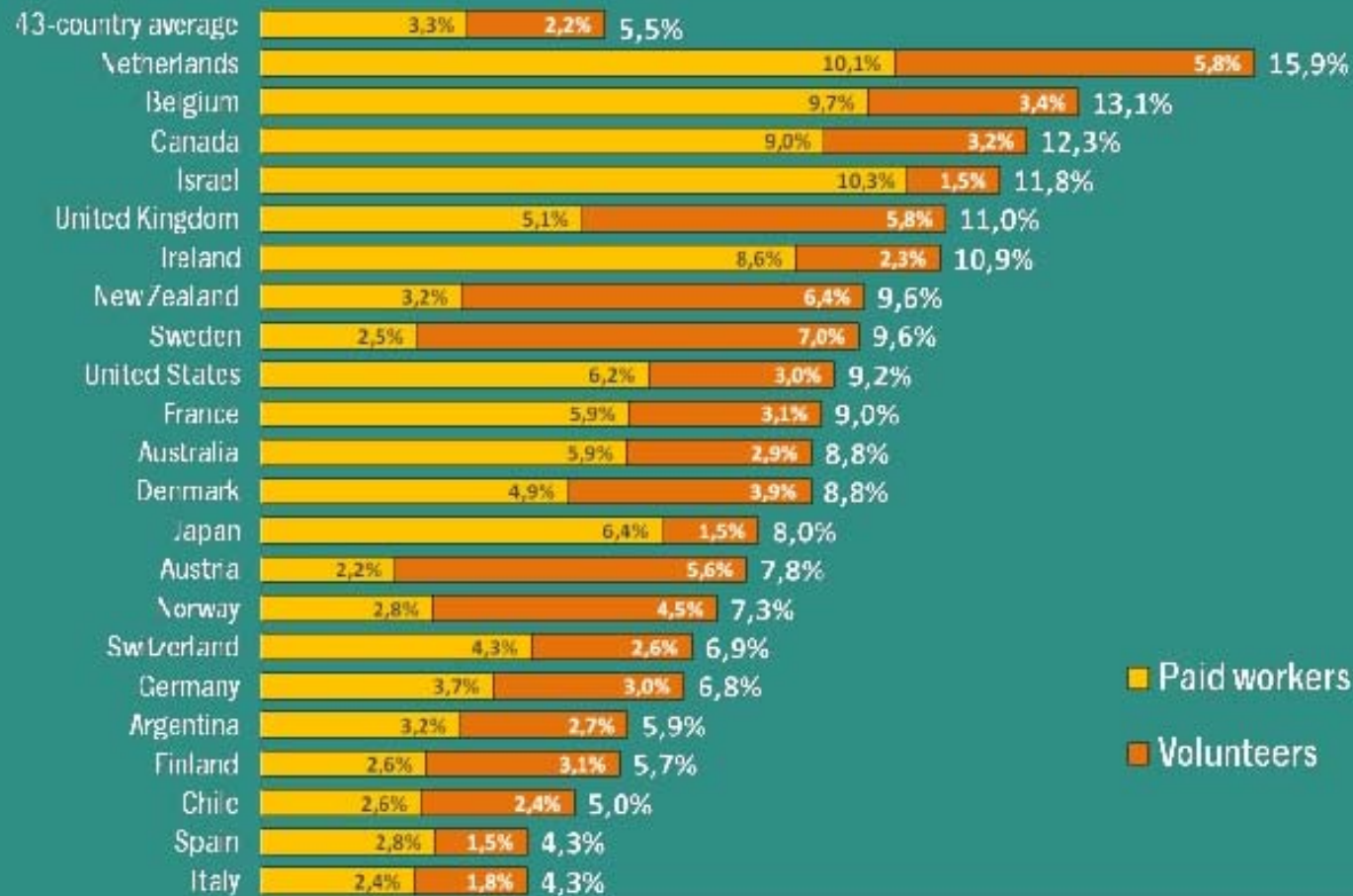
Research

# Nonprofit Sector Regimes

Government Social Welfare Spending	Nonprofit Scale (Employment)	
	Small	Large
Low	<b><i>Statist</i></b>	<b><i>Liberal</i></b>
High	<b><i>Social Democratic</i></b>	<b><i>Corporatist</i></b>

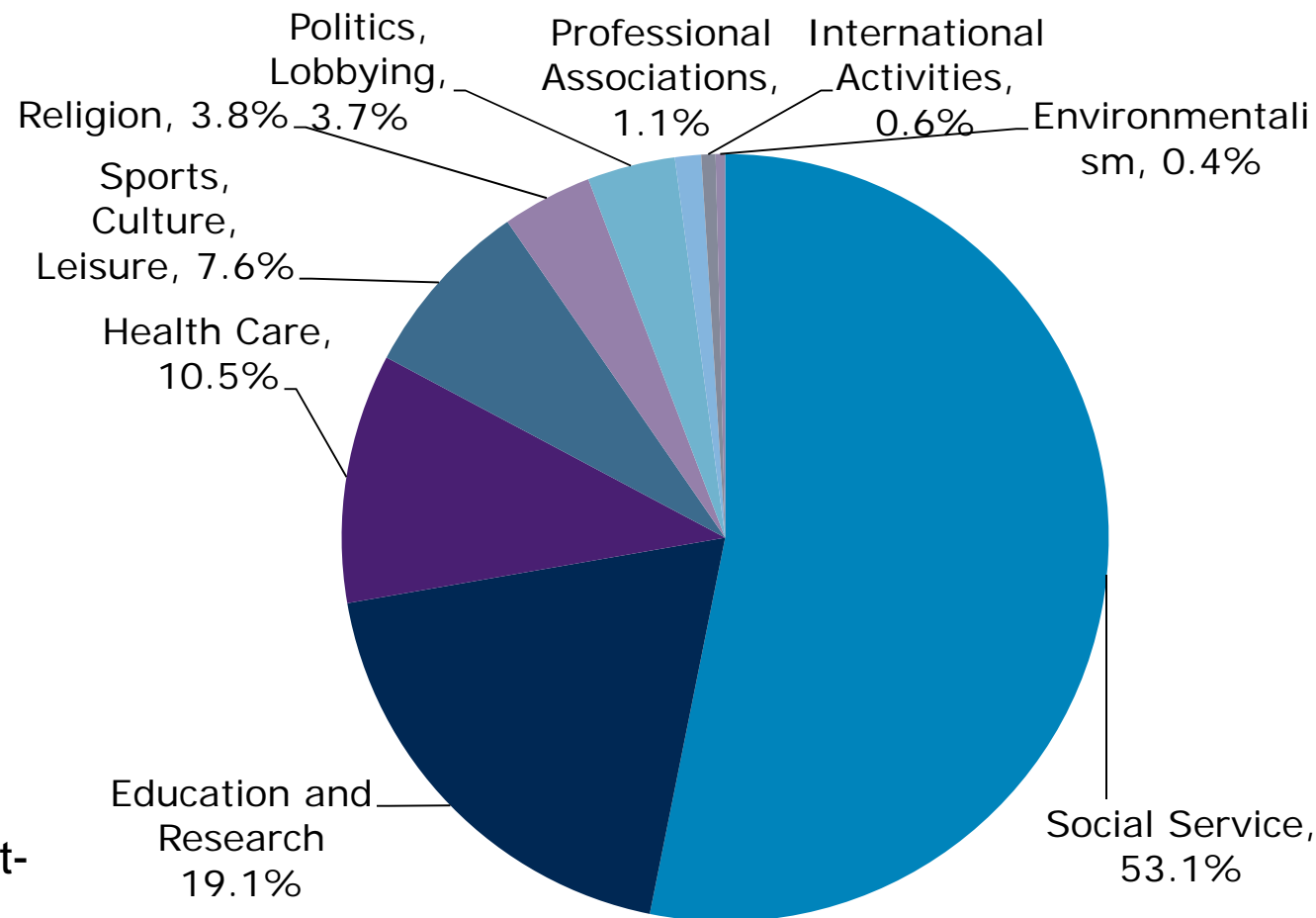
Source: Salamon et al., 2000

# Nonprofit Workforce as a share of economically active population, by country



Source: Salamon et.al., *Global Civil Society*, Kumarian, 2004.

# The NP-Sector as an Employer



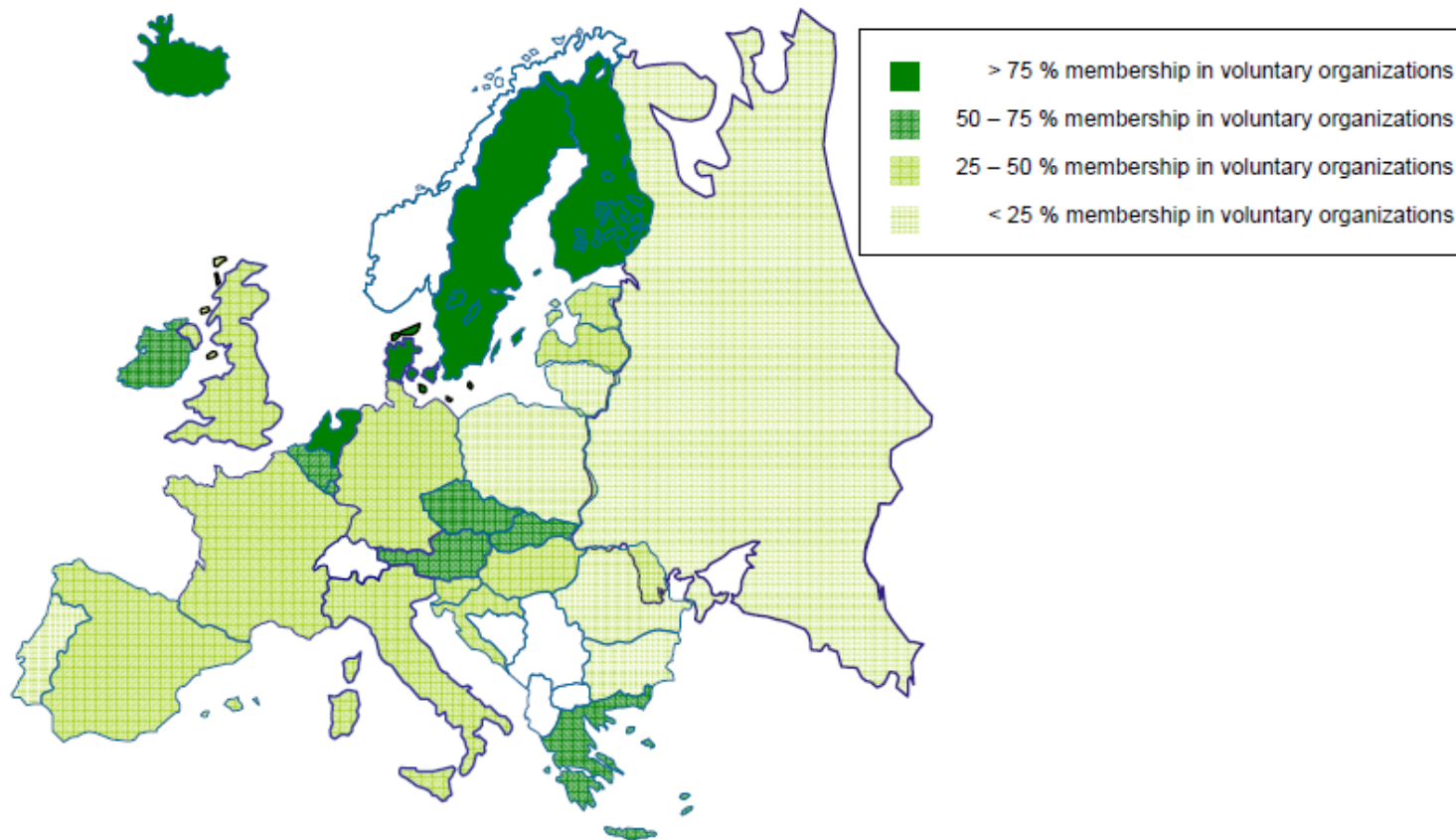
Austrian NPOs  
employ approx.  
220.000 persons  
(high share of part-  
time work)



# Volunteer Work in Austria

6.897.901 Austrians older than 15 years 100%		
3.019.242 Engaged in Volunteering 43,8%		3.878.659 Not engaged in Volunteering 56,2%
1.925.392 Formally engaged 27,9%		4.972.509 Not engaged in formal Volunteering 72,1%
	1.871.708 Informally engaged 27,1%	5.026.192 Not engaged in informal Volunteering 72,9%

# Membership in Europe



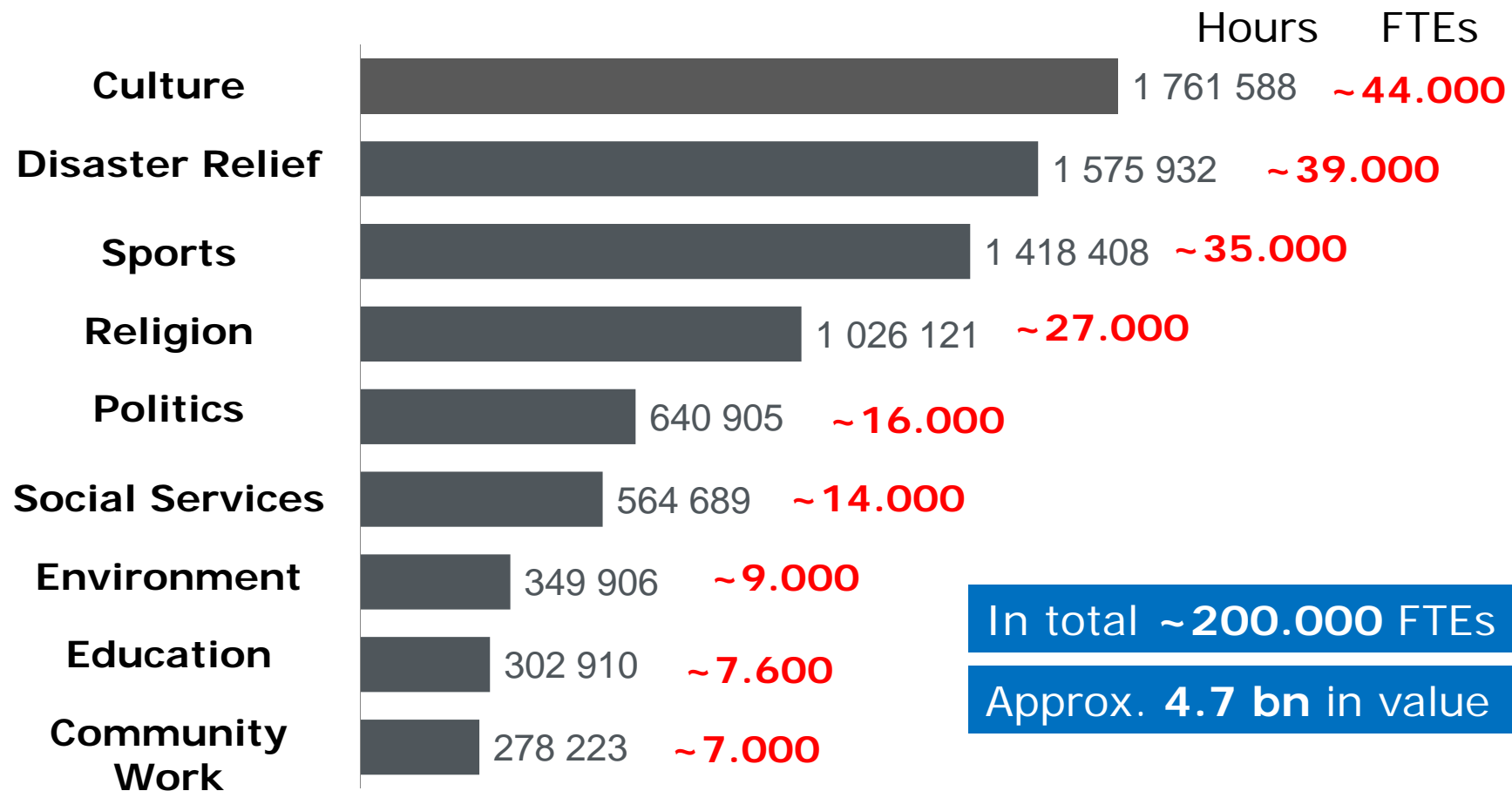
Source: European Values Survey, Wave 4 (1999-2004)

# Membership in Austria

Rank	Association	Members
1	ÖAMTC (Austrian Automobile, Motorcycle and Touring Club)	1800.000
2	ÖGB (Austrian Labor Union)	1200.000
3	Soccer Clubs	525.000
4	ARBÖ (Automobile, Motorcycle and Bicycle Club of Austria)	470.000
5	Alpenverein (Austrian Alpine Association)	400.000
6	Kameradschaftsbund (Veteran´s Association)	250.000
7	Kath. Familienverband (Association of Catholic Families)	240.000
8	Kinderfreunde (Kindergarden´s Association)	180.000
9	Tennis Clubs	173.000
10	Naturfreunde (Nature Lover´s Association)	150.000
11	Skiing Clubs	145.000
12	Bavarian Curling Clubs	117.000
13	Viennese society for the prevention of cruelty to animals	90.000
14	Red Cross	50.000
15	WWF	46.000

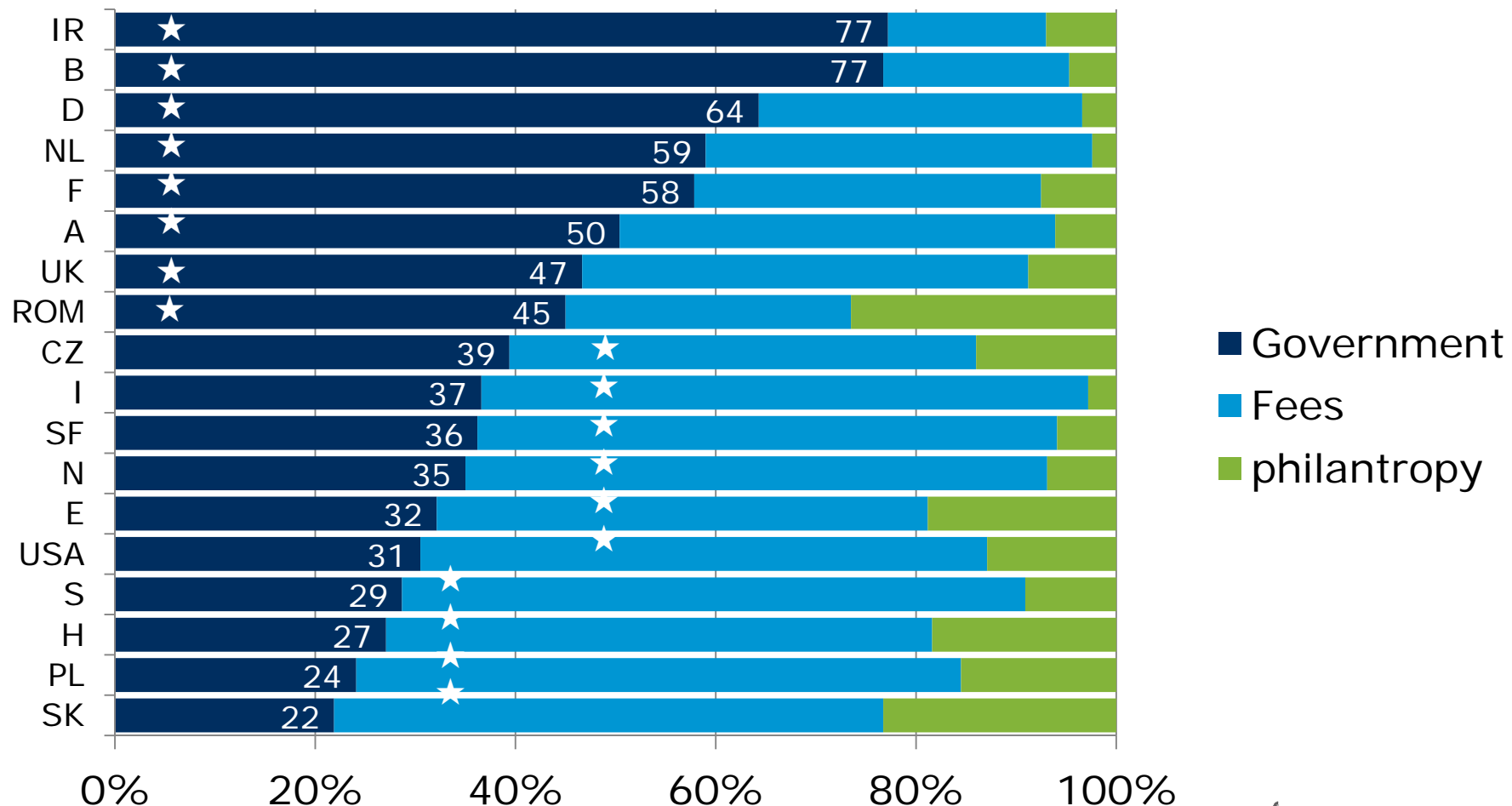
*Source: Trend April 2011, does not include political parties, religious communities, corporate clubs.*

# Volunteer Work (hours per week and full time equivalents)



Source: Rameder/More Hollerweger 2009, Mikrozensus 2006

# Funding Sources for CSO, 2004 (European countries and the USA)



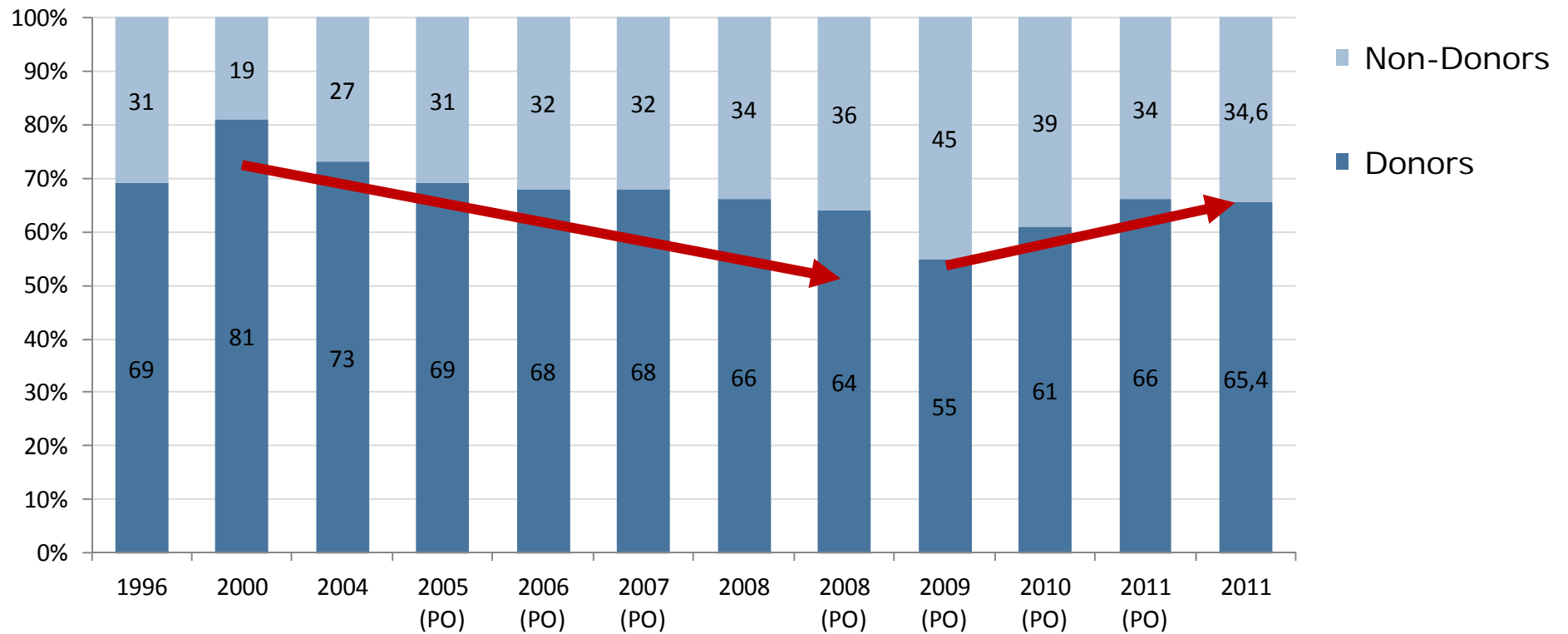
Source: The Johns Hopkins Comparative Nonprofit Sector Project 2004

# Financing the Third Sector in Austria

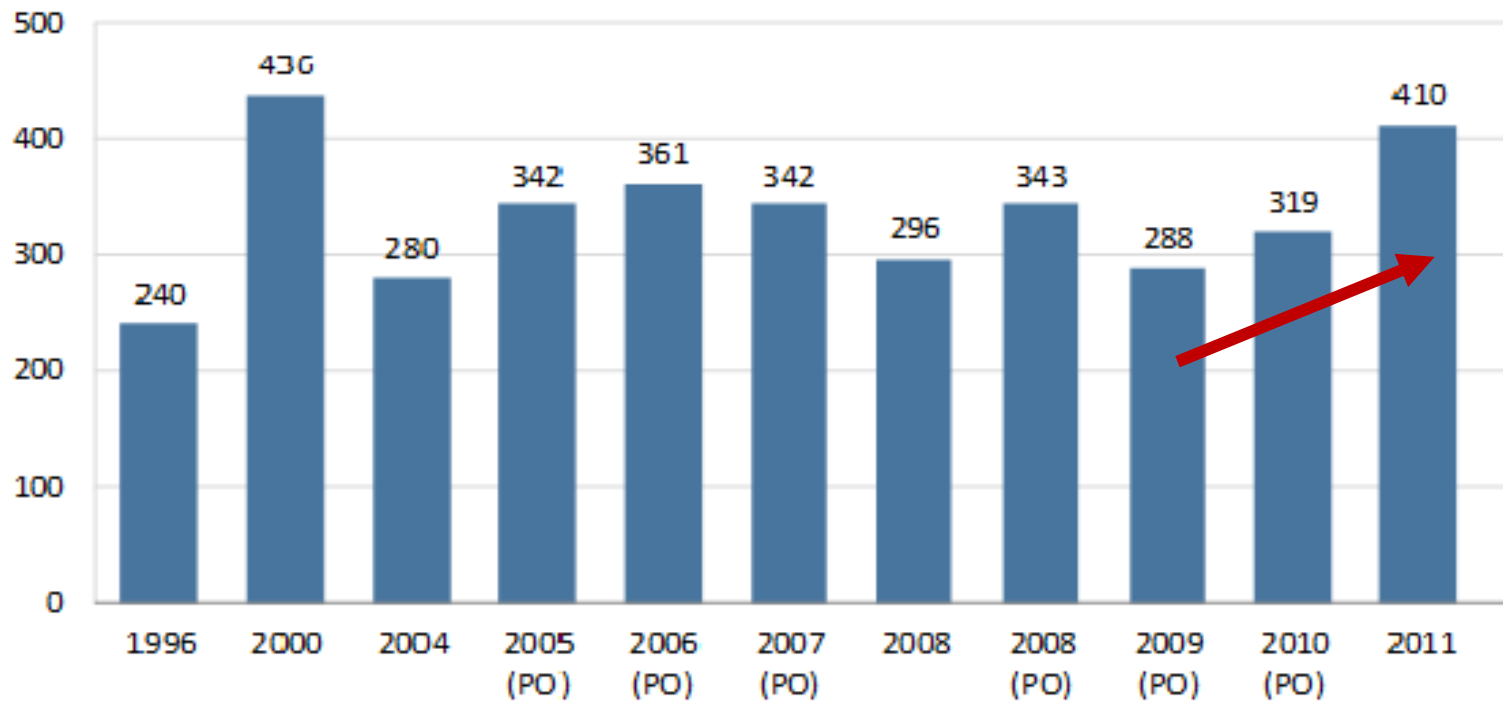
Revenue in mio €	Public sources		Private sources	
branch	abs.	rel.	abs.	rel.
Culture & arts, sports, leisure	202.5	35.6%	366.2	64.4%
Education & research	312.8	72.9%	116.1	27.1%
Health care	594	74.8%	200	25.2%
Social services (1995)	1,048.5	44.3%	1,318.4	55.7%
Environment (1995)	19	47.6%	20.9	52.4%
Pressure groups and politics	72.7	79.7%	18.5	20.3%
International activities	34.4	25.3%	101.7	74.7%
Churches, religious associations	36.2	9.3%	353.5	90.7%
Trade unions, commerce chambers, professional associations	17.8	9.3%	173.3	90.7%
<b>total</b>	<b>2,337.9</b>	<b>46.7%</b>	<b>2,668.6</b>	<b>53.5%</b>

Source: Income of NPOs in Austria (Heitzmann 2001, 194)

# Private Giving in Austria



# Total amount of Giving: 410 Million Euro



- Giving of Individuals
- Average: 91,4 € (Mean: 30€)
- Causes: Church/Religion, Animal Protection, Domestic Disaster Relief

Source: Neumayr & Schober (2012): Giving in Austria.



# Number of Organisations and Legal Forms

Year	1960	1970	1980	1990	2000	2005	2010
Number of Associations	42.269	45.734	58.400	78.835	104.203	108.459	116.556

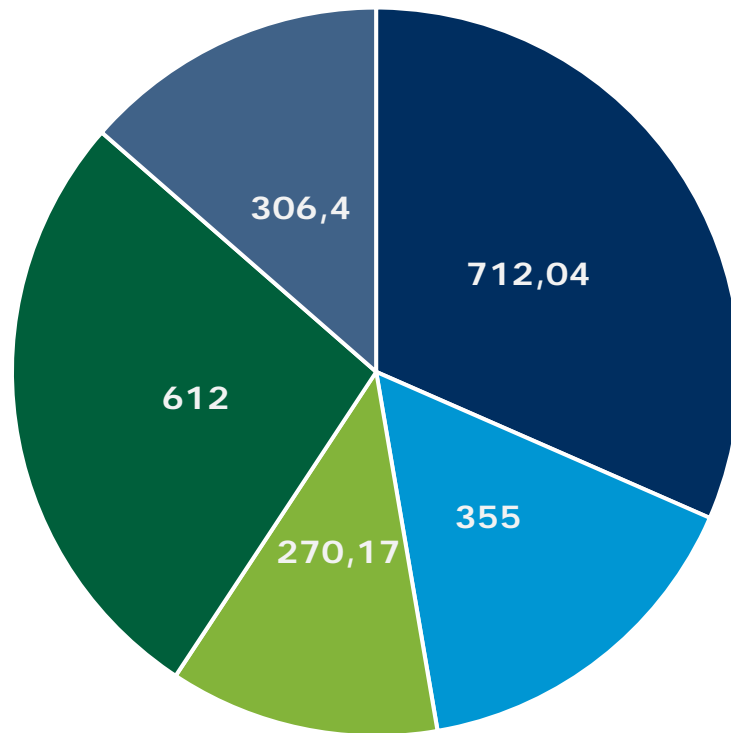
Legal Forms	Number
Charitable Foundations	701
Charitable limited liability company	352
Charitable incorporated company	10
Cooperatives	95

- But only about 11000 NPOs have at least one employee.

Sources: Statistics Austria 2011, Austrian Company Register 2012, Millner, Schneider & Meyer 2014

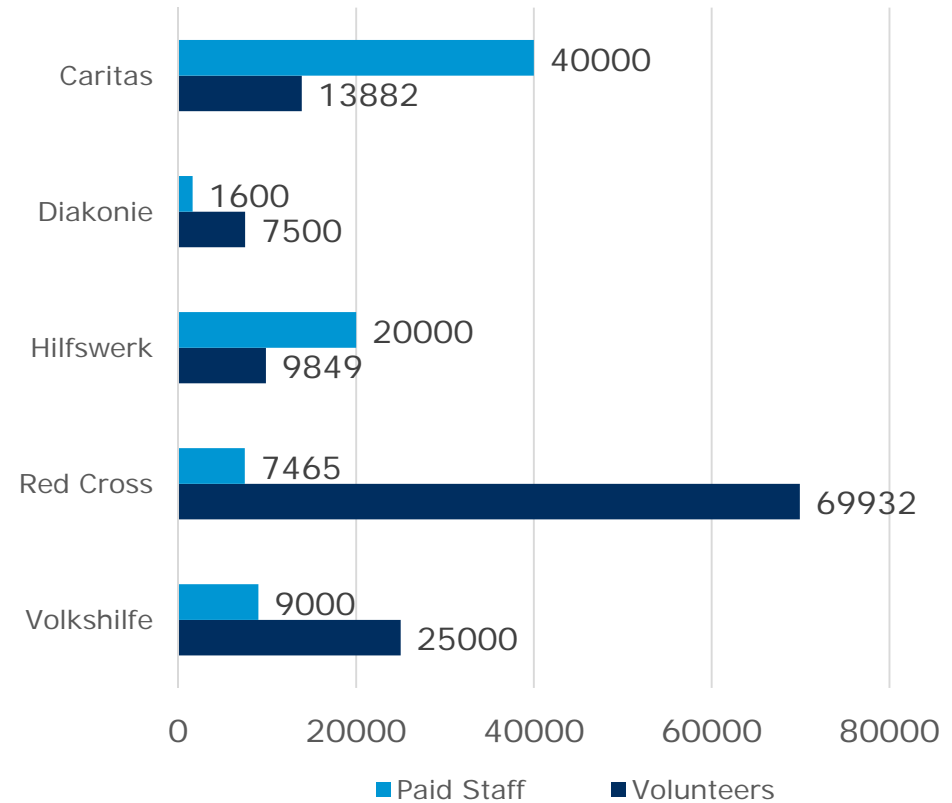
# „The Big Five“ – Welfare Organisations

Revenues (Mill. EUR)

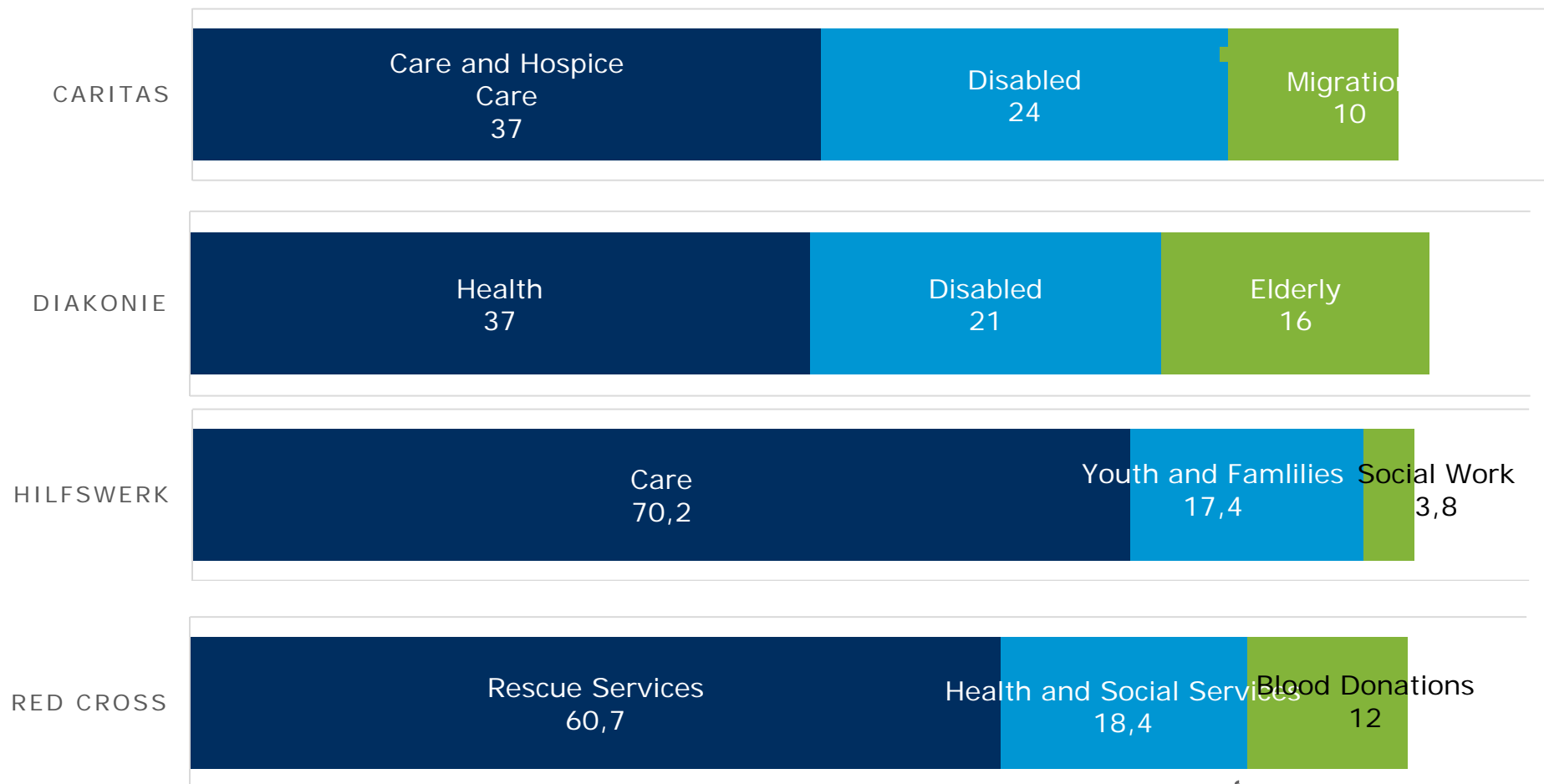


■ Caritas ■ Diakonie ■ Hilfswerk ■ Red Cross ■ Volkshilfe

Paid and unpaid workforce

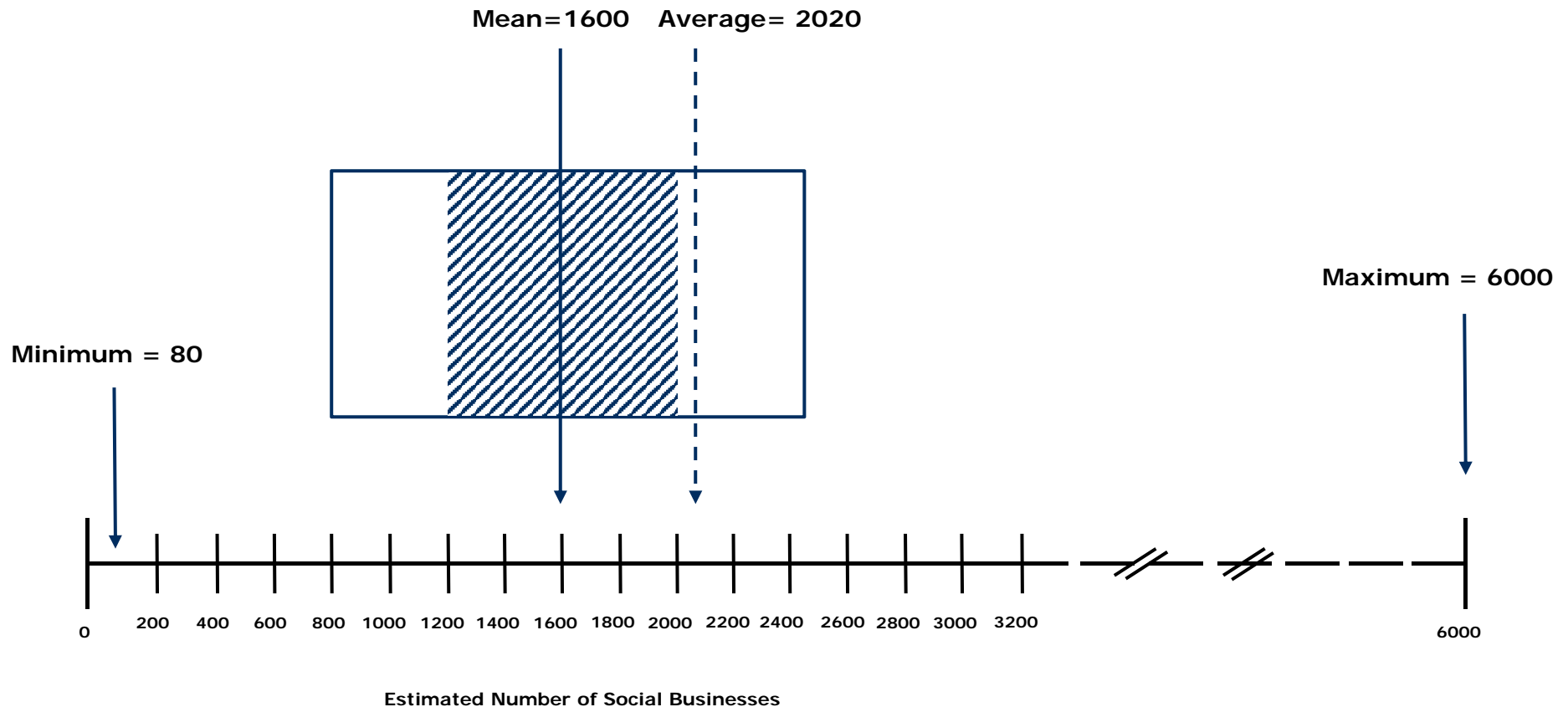


# Shares of the three most important fields of activity of total expenditure



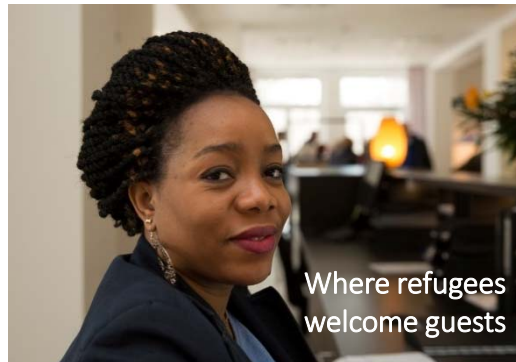
# Potential of Social Business in Austria

**Social Business economically defined with more than 50% earned income in revenues.**



Source: Vandor, Millner, Moder, Schneider & Meyer 2015

# Example Social Business *magdas* (Caritas Vienna)



- *magdas* – Caritas Service GmbH
- realizes social business projects under the umbrella brand *magdas*
- goal is to solve social problems with economic approaches
- with its business areas *magdas* designs services with social value which are based on social, ecological and economical responsibility
- *magdas* creates job opportunities for people with lower chances of getting a job and connects people with different social and cultural backgrounds
- M. RECYCLING, m. KANTINE, m. ESSEN, m. HOTEL
- ...

# magdas HOTEL

- **Refugees are running *magdas* HOTEL** side by side with professionals of the hotel industry
- The **access to the labour market is limited** for refugees in Austria
- At magdas HOTEL they get the chance to develop their skills and proof their abilities
- *magdas* HOTEL is an **upcycling design hotel** with 88 rooms close to the center and next to the Prater, Vienna's biggest recreation ground. It became a meeting place for globe trotter, tourists, locals and refugees.
- **Goal:** not (only) the maximization of profit but the maximization of openness and humanity
- **Key strategies:** Turn disadvantages into an advantages, Engage people



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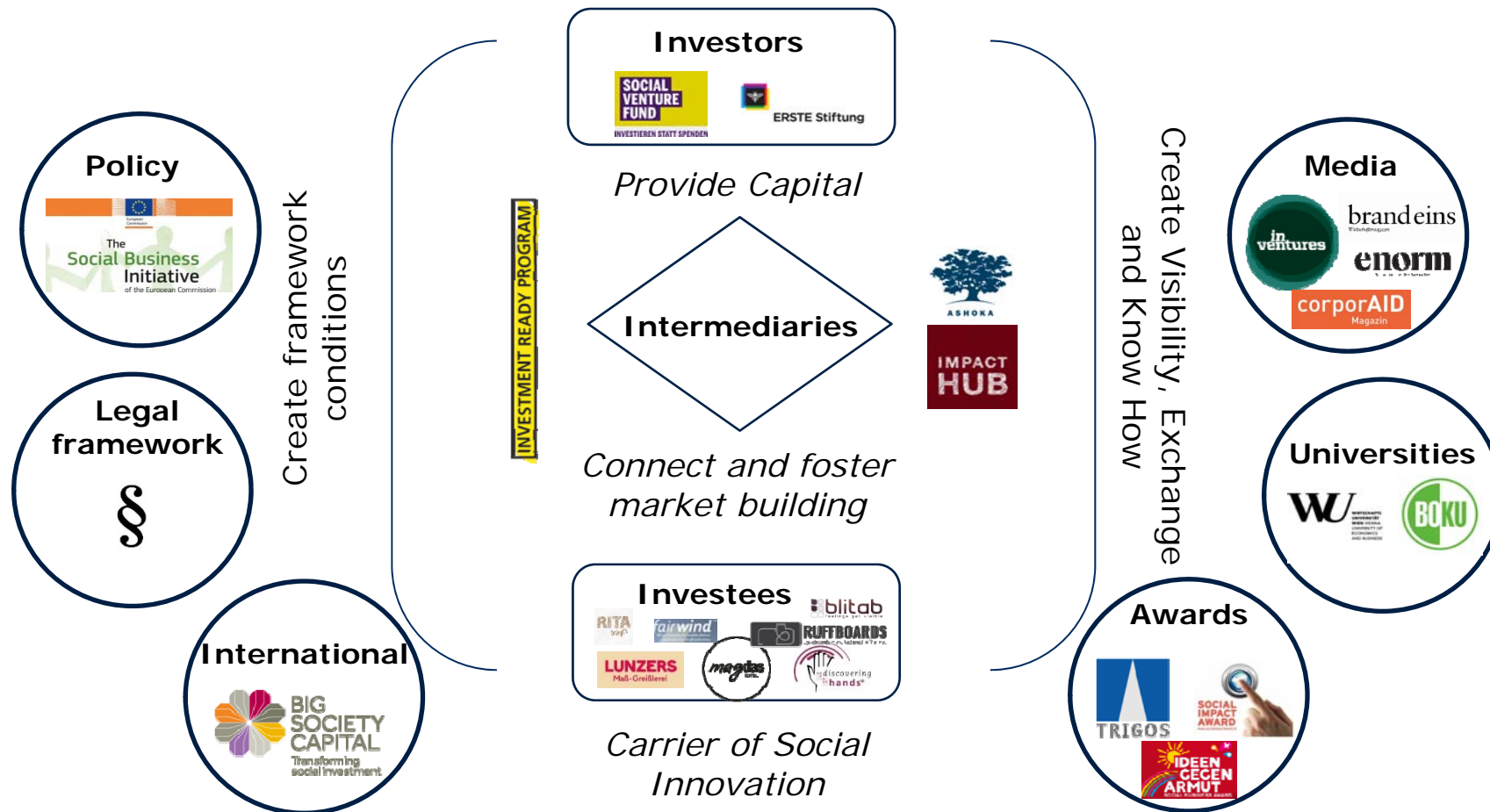


## Current Proof of success

- Media coverage from CNN to J-Wave in Tokyo
- Average occupancy rate of 55 % (Sept. 78 %), 22.000 guests in 2015
- Other hotels start recruiting refugees



# Ecosystem of Social Entrepreneurship & Social Business





# Most recent example for the capacity of Austrian Civil Society „Train of Hope“



# Resigning State?

- Increasing demand for services of NPOs, but constant or decreasing public funding
- Withdrawal of governments in specific policy fields
- Changing NPO-State Relations
  - Crisis in public budgets (decrease of discretionary spending), Call for cost reduction, efficiency, effectiveness
  - Contracting Out, New Public Management, Civil Society
  - Trend from Lump Sum Subsidies to Service Contracts
  - Increasing Demand for Documentation and Reporting
  - State is a terrible buyer and payer (brings NPOs in liquidity troubles)
  - Dependence on public support in various NPO-fields
    - Social Services
    - Education and Research
    - Arts and Culture

# Recent Developments and Discussion

- **Civil Society** works well in times of crises (natural disasters, refugee crisis)
- **No sector identity** developed so far (diverse interests, missing data)
- **Earned income strategies** gain importance (Social Investment, Social Business)
- **Social Entrepreneurs** try to work out economically viable models for solving societal challenges and to stay independent from public funding
- **Social Innovation** as discourse becomes en vogue (also from the public sector)
- **Impact Measurement** gains importance driven by funders, NPOs and the public sector but also in anticipation of budget cuts
- **Private funding** not yet developed to the extent to offset anticipated decrease of public funding



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