Poverty Relief in a Mixed Economy

Theory of and Evidence for the (Changing) Role of Public and Nonprofit Actors in Coping with Income Poverty

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Introduction

This study examines, both conceptually and empirically, (i) the welfare mix in the activity field of poverty relief, and (ii) specific shifts of this mix, i.e. changes towards ‘privatization’ and/or ‘marketization’. Thus, two concepts are at the core of this assessment: the ‘welfare mix’ (as well as changes thereof) and ‘poverty relief’. The notion of ‘welfare mix’ (as well as related concepts such as the ‘mixed economy of welfare’ or the ‘plural economy’, which I use synonymously in this book) is widely discussed both in the literature and in political debates. However, it often remains vague what it comprises and its interpretations vary. This also applies to specific shifts of the mix, including ‘privatization’ and ‘marketization’. One aim of this study is therefore to disentangle the meanings of and connect the concepts of ‘welfare mix’, ‘privatization’ and ‘marketization’ with each other. For this purpose, I developed a conceptual framework that captures the fuzzy concepts and allows operationalizing them for an empirical investigation.

The second notion this study focuses on is that of ‘poverty relief’ or, used synonymously here, ‘poverty alleviation’. The main rationale for concentrating on this activity field is the lack of empirical data on this core area of social policy concerning both (i) the prevalent welfare mix as well as (ii) changes towards ‘privatization’ and ‘marketization’. A further objective of this study is thus to examine empirically both the characteristics of the contemporary mixed economy of poverty relief as well as recent shifts that qualify as ‘privatization’ and/or ‘marketization’ in this activity field. Not least, this allows examining in how far the framework developed is able to assist in such an empirical assessment.

Studies on the ‘mixed economy’, on ‘privatization’ or ‘marketization’ have focused on a variety of social policy areas, such as social care (Wistow et al. 1994, Ascoli and Ranci 2002c), care for the elderly (Evers and Svetlik 1993), pensions (Holzmann and Heitzmann 2002: 514f, Weller 2006), health care (Newman and Kuhlmann 2007), and many other social services (O'Higgins 1989, Smith and Lipsky 1993).
The empirical part of the study focuses on Austria. In this country, mainly two types of organizational actors, namely public agencies and nonpro-\textit{fits}, provide poverty alleviation. Thus, I examine the roles and contributions of these two types of providers only\textsuperscript{2}.

This introduction proceeds as follows: Section 1 illustrates the empirical relevance of the topic, thereby introducing the concepts that are at the core of this study. Section 2 clarifies the theoretical and empirical research questions. Section 3 finally explains the research approach adopted and outlines the plan of this book.

\textbf{1. Background}

\emph{Per capita} welfare state expenditures have risen in real terms in almost all European welfare states from the 1980s onwards (e.g. Castles 2004: 24ff, Eurostat 2008). This expansion is to some extent the result of new needs and the related introduction of welfare state programmes (e.g. care for the elderly, see Österle 2001: 89ff). Moreover, changing demographic (e.g. increased life expectancy) and socio-economic structures (e.g. altered family formations, enhanced labour market problems) have led to an increasing demand for statutory social security\textsuperscript{3}. Despite these developments, several pressures call for a reduction of public expenditures (e.g. Bonoli \textit{et al.} 2000: 2). For example, there is concern that rising fiscal costs might threaten the very sustainability of welfare states. High social security contributions are viewed as significant obstacles for competitive economies, and thus for economic growth. Moreover, neo-liberal attitudes towards the ‘proper’ role of the state in society, which are prominent in many contemporary European governments, are characterized by a general suspicion against ‘too generous’ state welfare.

Owing to these developments and attitudes, welfare states throughout Europe have been subject to reform, restructuring and/or retrenchment in recent decades. Many routes have been chosen to reorganize the provision of welfare. One of these strategies includes the ‘\textbf{privatization of social security}’ (Burton 1987, Gurin 1989, Kamerman and Kahn 1989, Feldstein 1998, Kotlikoff \textit{et al.} 1998, Kotlikoff 2000, Fullerton and Geruso

\textsuperscript{2} On the role of informal actors and for-profit companies in poverty relief, see Section I.2.2.

\textsuperscript{3} The terms ‘welfare’ and ‘social security’ are used interchangeably in this book.
Introduction

Put into a nutshell, privatization implies both a decrease of public provision of welfare and – usually – a parallel increase of private provision. In many cases of privatization, the state does not refrain completely from welfare provision, but maintains some role as regulator or financier of social security. Examples of this form of ‘partial privatization’ include contracting arrangements in the provision of many social services or the statutory regulation of private health or pension insurances (Smith and Lipsky 1993, Deakin 1996). Especially the trend to regard nonprofits or, used synonymously here, third-sector organizations (such as associations, charities, private welfare societies, religious congregations, etc.) as a better alternative to statutory provision of welfare and to encourage their engagement seems universal (e.g. Pearson and Martin 2005: 9).

Many scholars agree that due to their inherent incentive structure, private actors tend to manage provision more efficiently than the state (e.g. Fershtman 1990, Shleifer 1998). In contrast to for-profit companies, however, nonprofits follow a profit-distribution constraint (see Section I.2.2.4). Although they may generate profits, these must remain within the organization and benefit its mission. Therefore, third-sector organizations are not likely to maximize profits (e.g. Rose-Ackerman 1996, Brown and Slivinski 2006) and ‘commercialize’ welfare services to the detriment of their clients (e.g. Salamon 1993, Badelt and Österle 2001a: 107). Consequently, politicians from both the left and the right prefer nonprofits to for-profit organizations as welfare providers. This is especially the case regarding instruments which are difficult to measure in terms of quality (such as many social services, see, for example, Blank 2000), or which target particularly vulnerable groups in society (such as the income poor or the socially excluded). In many of these delicate policy areas, nonprofits already maintain a prominent role. In Austria, for example, more than three quarters of all employees in the social services (Sozialwesen) are employed by third-sector organizations. The share of employees in homes for the elderly amounts to almost 30 per cent. With regard to other institutions (such as homes for the disabled), it adds up to more than 50 per cent (Schneider et al. 2007: 72ff). These contributions notwithstanding, various scholars and politicians believe that further expanding the role of nonprofits (as well as for-profits) in social security might enable governments to “square the welfare circle” (Bonoli et al. 2000: 2). Governments could meet the growing demand for social secu-
rity by enhancing the contributions of both nonprofits and for-profit organizations, with the former providing commodities with a lower degree of marketability and the latter offering goods and services with a higher degree of marketability⁴.

A second reform strategy (which is closely related to the first one) concerns the increasing importance of market ethics and market principles in the provision of social security. This is sometimes referred to as ‘commercialization’ or ‘marketization’ of welfare. This trend is visible at various levels. First, the entitlement to many welfare benefits has been linked more closely to some kind of obligations or behavioural criteria (also called ‘social engineering’, see also Section II.1.2.3): Through the use of sanctions and incentives welfare beneficiaries are compensated for engaging in socially approved behaviours such as consuming health prevention or going to work (Gilbert 2001: 216f). Especially with regard to the latter, i.e. the willingness to remain in, or (re-)integrate into the labour market, some scholars argue that ‘welfare’ benefits have become ‘workfare’ benefits in many countries (e.g. Lødemel and Trickey 2001, Koch et al. 2005).

Second, market ethics have become relevant in the management of both public organizations and nonprofits. Examples of a market-oriented management include the introduction of new public management in public agencies (e.g. Zimmer 1997, Zimmer and Nährlich 1997, Sarker 2005), or the revaluation of ‘professionalization’ or ‘managerialism’ in nonprofits (Anheier 2005: 377f, Badelt et al. 2007a: 629f, Meyer 2007). The main rationale for introducing market principles in non-market organizations is the conviction, widespread in politics, that the state and its partners in provision could reduce costs by more closely imitating at least some of the principles of the for-profit sector, such as competitiveness, etc. (Ascoli and Ranci 2002a: 226f). Given that organizations from different societal sectors are increasingly managed in similar ways, it becomes difficult to distinguish clearly between public organizations, non-

⁴ James and Rose-Ackerman (1986: 61), for example, suggest that “for-profits exist in most areas where fees can be charged sufficient to cover costs. They are less prevalent in areas where demand is very limited, where exclusion cannot be practiced, where provision to the needy (those unable to pay) is the goal or where the government, for some other reason, has decided to provide the service at minimal private cost”.
profits and for-profits. This trend, which is sometimes called ‘hybridization’ (Evers 2005), not least implies that “the traditional concept of sector has lost much of its theoretical and analytic power.” (Kramer 2004: 220).

The adoption of market principles has, third, also changed the mode of cooperation between public and private organizations. For example, when purchasing welfare goods and programmes from private organizations, the state often relies on competitive processes (such as bidding) to choose contracting partners. After the choice for a contracting partner has been made, the stipulations of the contract – which in itself leads to a formalization of the relationship between the cooperating partners – include (usually quantifiable) indicators (e.g. quota regulations etc.) based on which (performance-related) payments are made (e.g. Zauner et al. 2006, Schneider and Trukeschitz 2007b). Consequently, organizations become (i) more prone to adopt market-principles themselves and – yet again – (ii) more alike.

The reform paths presented so far concern (i) changes across different types of welfare actors (e.g. privatization), (ii) changes within specific types of welfare actors (concerning, for example, the governance of welfare actors), and (iii) changes with regard to welfare benefits (through the introduction of workfare benefits). In other words: the specific mix of welfare actors and of welfare instruments has changed. Different expressions are used in the literature to describe this ‘mix’ in welfare provision. These include the ‘mixed economy of welfare’ (e.g. Powell 2007), the ‘plural economy’ (e.g. Evers and Olk 1996) or the ‘welfare mix’ (e.g. Evers 1993, Ascoli and Ranci 2002c). Quite often, however, these terms are used without being clearly defined – which may indeed lead to misunderstandings. Lewis (2004: 169), for example, has pointed out that the “approach to ‘welfare mixes’ differs considerably between different networks of academics and commentators.” Apart from differences in the understanding of these concepts across countries underlined by Lewis, there is also an interpretative variation across scientific disciplines. For example, textbooks of economics and public finance usually define ‘mixed economies of welfare’ as economies in which actors from different sectors contribute to welfare provision. Scientists with a background in sociology or political science, on the other hand, focus on the norms and rationales that govern welfare actors (and their actions) when referring to a ‘welfare mix’ or a ‘plural economy’ (e.g. Evers and Laville 2004: 14).
Evers, moreover, suggests that the literature has applied concepts, such as the ‘welfare mix’, in two ways:

“On the one hand, the concept has been used for the description of the empirical and historical diversity of welfare systems which de facto were always “mixed”, and for an analysis of the different types of mixes which can be found there. (…) On the other hand, more recently the concept has been used as a reference point for specific social policy suggestions (…)”. (Evers 1993: 4).

Despite differences in the interpretation of these concepts across countries and disciplines, the ‘welfare mix’ is an empirical fact evidenced by a variety of research studies (e.g. Evers and Wintersberger 1988, Pinker 1992, Wistow et al. 1994, Evers and Olk 1996, Johnson 1999, Ascoli and Ranci 2002c, Powell 2007).

It is also an empirical fact that the welfare mix is subject to change. Developments such as ‘privatization’ and/or ‘marketization’ indicate either processes of change or (expected or realized) outcomes of change. However, what have been their points of departure?

Several concepts have been forwarded to describe the provision of welfare before movements towards privatization or marketization took place. Regarding ‘privatization’, no one seriously argues that prior to privatization processes there was only statutory provision of welfare. Rather, private actors have always contributed to social security provision (Katz and Sachße 1996: 10). This relates not only to the large contributions of the informal sector (and thus, for example, the provision of care services by family members) but also to those of formal private actors. For-profit firms have engaged in the provision of hospitals, homes for the elderly, or in the provision of health or pension insurances in many countries for a long time. In addition to for-profits and the large informal sector, non-profits have participated in European welfare markets for quite a while – albeit with substantial differences across countries (for a general overview, see Salamon et al. 2003). Third-sector organizations play a crucial role in providing social services in conservative (e.g. Germany, France) and liberal welfare states (e.g. USA, UK), while their contribution in social-democratic states (e.g. Sweden) is smaller (Salamon and Anheier 1998: 241ff). Thus, concerning privatization, the point of departure has been a mix of public and private welfare actors. While the balance of this mix changes due to privatization processes, the result is – at least in
terms of partial privatizations – yet another mix of public and private contributions in the provision of welfare.

Market principles such as maximizing profits, increasing cost-efficiency and competitiveness or introducing performance-related salaries for employees and managers are dominant values in managing for-profit firms. As mentioned above, the hypothesis of a ‘marketization’ of social security provision suggests that (some of) these principles become increasingly relevant in the management of public organizations and nonprofits. However, which principles do these newly introduced market ethics substitute? The literature suggests that (traditional) rationales governing activities of public actors are power, hierarchy, bureaucracy, redistribution or paternalism (e.g. Stiglitz 2000: 156ff). Dominant (and traditional) values in the management of nonprofits are much more complex. Especially in a European debate, nonprofits are often located between the public, the for-profit and the informal sector (e.g. Evers and Laville 2004, Zauner 2007), which is why they are also called intermediary organizations (e.g. Bauer 1993). One line of arguments suggests that nonprofits, as they attempt to combine the dominant values of all other sectors, are governed by a multitude of different norms (Evers 1993: 13ff). Another line of arguments holds that the dominant values differ between third-sector organizations, depending on their proximity to other organizational sectors (Neumayr et al. 2007, Neumayr and Schneider 2008). Nonprofits that are more closely related to the state than to the informal or the for-profit sector are governed by values similar to those of public organizations (such as bureaucracy). Nonprofits close to the informal sector tend to adopt principles relevant to informal actors (such as solidarity or love), while third-sector organizations close to the for-profit sector are most likely to adopt market ethics (Zauner 2007: 146ff).

As mentioned earlier, the implementation of market ethics has influenced not only the management of public and nonprofit actors, but also their modes of cooperation. This refers both to the choice of a contracting partner by the state and the stipulations of the contract. Competition through bidding, performance-related funding arrangements and business-like relationships between contracting partners (based on, for example, control and accounting) are dominant values in contemporary contracting (Ascoli and Ranci 2002a: 230ff). And what about the past? Protection against competition, long-term or ever-repeating contracts,
lump-sum subsidies and informal relationships based on trust rather than control have characterized contracting in the past in many countries, including Austria (Heitzmann 2004c: 209ff). As mentioned, a potential outcome of ‘marketization’ is an increasing hybridization of welfare actors belonging to different societal sectors, which implies that prior to marketization processes it must have been less likely to confuse public, non-profit and for-profit organizations or their specific modes of provision. In other words: the boundaries between these types of actors (and their provision) must have been blurred less than they are at present.

Table 1 summarizes the different facets of the two reform strategies discussed so far, i.e. ‘privatization’ and ‘marketization’.

Shifts of the welfare mix thus affect providers of welfare, their contracting arrangements and their modes of provision. These changes might have quite some implications for efficiency outcomes if private actors outperform public actors. However, changes of the welfare mix might also affect the recipients or users of welfare products and thus change equity outcomes. This leads to the question: How effective is a welfare system after the mixed economy has changed?

Ringen (1988) suggests that a good indicator for the effectiveness of a welfare system is the extent to which poverty prevails in a country:

“The trend in poverty is the litmus test of the social quality of the mixed economy system. If poverty remains rampant in spite of the economic growth, the market does not do its job; if it remains rampant in spite of expanding public transfers, the welfare state does not do its job”. (Ringen 1988: 352)

Badelt and Österle (2001b: 222) also argue that the mere existence of poverty is an expression of the limited success of prevalent welfare systems – which would indeed provide a justification for reform. Available data suggest that the average percentage of the population at risk of poverty in the EU-15 remained relatively stable within the last decade: It amounted to 17 per cent in 1995 and to 16 per cent in 2005 (Eurostat 2008).

Thus, the extent of poverty has not changed much in Western Europe between 1995 and 2005. However, have changes of the welfare mix, particularly privatization and/or marketization, taken place at all in the ac-
tivity field of poverty alleviation? Is there any evidence that public agencies and nonprofits providing poverty alleviation have undergone processes of privatization or marketization? And if there is evidence of this kind – have poverty rates changed despite or because of these shifts?

Interestingly, there is not much information available on either the current balance of the welfare mix concerning this activity field or on recent shifts thereof. Studies on poverty alleviation tend to concentrate on the mix of instruments targeted to the poor (Alcock 1997, Schiller 2001). For example, there has been increased conditionality with regard to social security benefits for the poor (which has been described as a shift from welfare to workfare benefits previously). Only few studies focused on welfare actors in poverty relief, the most well researched being the contributions of statutory organizations in this respect (e.g. Stitt 1994, Alcock 1997: 210ff, Becker 1997, Schiller 2001). Available data suggest that the relative efforts of the state in providing poverty relief differ between welfare states. For example, the UK spent 16 per cent of all social protection expenditures in 2005 on means-tested benefits which directly target the poor. In Sweden, this proportion amounted to only 3 per cent, in Austria to 7 per cent (Eurostat 2008: 23ff). In contrast to the welfare state, both the current role and contributions of nonprofits in poverty relief were hardly ever at the centre of research studies – in 1990 only two of eight countries taking part in the renowned Johns Hopkins Comparative Nonprofit Sector Project reported data on nonprofits engaged in activities such as granting income support or maintenance or providing material assistance (Salamon and Anheier 1996). In Italy, only 0.1 per cent of all paid employees in the third sector (measured in full-time equivalents) were engaged in this type of organizations. In the UK, the proportion amounted to 0.2 per cent (Salamon et al. 1995: 11ff). These data suggest that in these two countries nonprofit engagement on behalf of poverty relief was very small, underreported, or relied primarily on unpaid workers.

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5 The data published for 1995 (Salamon et al. 1999: 477ff) and 2000 (Salamon et al. 2003) only include information on social services in general, without differentiating these data into subgroups.
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<th>Privatization</th>
<th>Main issues</th>
<th>Main trend</th>
<th>Examples</th>
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<tr>
<td>(i) partial privatization</td>
<td>• Who does what in welfare provision?</td>
<td>Shift between organizations from: public (and private) provision towards: less public / more private provision</td>
<td>Contracting-out Deregulation Increase of private funding sources</td>
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<tr>
<td>(ii) total privatization</td>
<td>• Who does what in welfare provision?</td>
<td>Shift between organizations from: public (and private) provision towards: pure private provision</td>
<td>Termination of public programmes</td>
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<tr>
<td>Marketization</td>
<td>Main issues</td>
<td>Main trend</td>
<td>Examples</td>
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<td>(i) …concerning the design of welfare benefits</td>
<td>• Which targeting criteria do welfare actors apply?</td>
<td>‘Social engineering’, e.g.: from: welfare benefits towards: workfare benefits (sanctions and incentives)</td>
<td>Benefit receipt subject to willingness to enter paid employment</td>
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<tr>
<td>(ii) …concerning the management/governance of welfare providers</td>
<td>• How is the organization managed? How is this reflected in welfare provision?</td>
<td>Change of values, norms and rationales, by which welfare actors are governed (towards market ethics and principles employed by for-profit organizations); these changes lead to adoptions in the modes of provision</td>
<td>New public management</td>
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Potential outcome: Hybridization
| (iii) …concerning the contractual relationship between welfare providers | • How are partners chosen?  
• How are contracts stipulated?  
• How does the relationship between contracting partners look like? | Shift in the mode of cooperation between actors (towards market ethics and principles employed by for-profit organizations)  
from: choice of contractor through decision of public actor; subsidies; informal relationships  
towards: choice of contractor through competition; performance-related payments; formal (‘professional’) relationships  
Potential outcome: Hybridization | Bidding  
Performance-related payments |
Whereas studies on poverty alleviation largely neglect the mix of welfare actors, studies on the mixed economy usually do not focus on goods and services targeted to the heterogeneous group of people on low income (see footnote 1). Rather, they concentrate on specific population groups (e.g. the sick, the handicapped, the elderly, lone parents, the unemployed, migrants, etc.), or on specific goods and services (e.g. health care, health insurance, pension insurance, long-term care, etc.), which are available to the poor and the non-poor.

As may have become clear from this short review, there is a considerable lack of information regarding the mixed economy of poverty relief, especially concerning the role of nonprofits in this field. Moreover, there is a lack of information concerning the issue of whether the mixed economy of poverty relief has been subject to change in recent years and whether these changes qualify as privatization and/or as marketization. Some explanations for these information gaps have already been forwarded. First, studies on poverty relief usually take into account only the contributions of public organizations or – even though much more seldom – of nonprofits without discussing the mixed economy or the welfare mix. Second, studies on the mixed economy have so far largely neglected the activity field of poverty relief. Third, given that there are different interpretations of concepts such as the ‘mixed economy’, it is often difficult to ascertain whether shifts of this mix qualify as ‘privatization’ and/or as ‘marketization’. Fourth, the concept of poverty relief in itself is uncommon in social policy research. Many studies focus exclusively on the ‘demand-side’ of poverty relief, i.e. on the poor, while others include an analysis of instruments to combat poverty. These usually include measures to prevent poverty, to mitigate against negative consequences if poverty should hit, to reduce exposure to poverty risks and to relieve poverty (Holzmann et al. 2003). Dealing with the latter aspect is uncommon, though (exceptions include, for example, Gilbert 2001), at least in a European perspective. Fifth, evidence for two countries suggests that the share of nonprofits in poverty relief is very small – at least when measured in terms of paid labour input. This might have accounted for the small amount of research in this field. In many instances, however, poverty alleviation is only one of several activities of nonprofits. Thus, there is reason to believe that the actual contributions of these types of actors to poverty relief have been underestimated, the more as in the aforementioned Johns Hopkins project they were classified according to their main
activity. Sixth, the extent of income poverty did not change much between 1995 and 2005 in the EU-15. This suggests that (i) the welfare mix did not change in this period or (ii) that shifts – if they had taken place – hardly affected the outcome, i.e. the share of the population at-risk-of-poverty, or (iii) that shifts – if they had taken place – neutralized the outcome that would have been realized without the shifts.

2. Research questions

Against the background illustrated in the previous section, and particularly the information gaps detected, this study is guided by the following research questions:

- How can we capture the concepts ‘welfare mix’, ‘privatization’ and ‘marketization’? How are these concepts linked together?
- In how far does a conceptual framework that organizes and links the concepts ‘welfare mix’, ‘privatization’ and ‘marketization’ help to illustrate both (i) the characteristics of the current welfare mix in poverty relief as well as (ii) recent shifts thereof that might qualify as ‘privatization’ and/or ‘marketization’ in an empirical investigation?

Finding answers to the **first research question** requires assessing the concepts ‘welfare mix’, ‘privatization’ and ‘marketization’, and elaborating a conceptual framework that links these concepts sensibly together. Therefore, I separate the concept of the ‘welfare mix’ into two different types, namely ‘Type I welfare mix’ and ‘Type II welfare mix’. ‘Privatization’ involves specific changes of ‘Type I welfare mix’, whereas ‘marketization’ refers to specific shifts of ‘Type II welfare mix’. The characteristics of all of these four concepts may be captured through a thorough analysis of yet another concept – ‘provision’ –, which thus also needs to be disentangled. With the assistance of three distinct elements of provision, the conceptual framework then helps to examine both (i) the contemporary welfare mix in poverty relief as well as (ii) recent shifts thereof.

The establishment of the conceptual framework is a prerequisite to answer the **second research question**, for which empirical information on the welfare mix and changes thereof in the activity field of poverty relief
is needed. On a conceptual basis, this involves, first, examining the model of ‘poverty relief’. Therefore, both parts of the concept, i.e. ‘poverty’ and ‘relief’, will be discussed from a theoretical perspective, and poverty alleviation will be delineated from other forms of combating poverty.

The empirical part of this study focuses on Austria, as this country – compared to other conservative welfare states, e.g. Germany, France or the Netherlands – has been less often the subject of social policy research. Policies aimed at ‘privatizing’ or ‘commercializing’ the welfare state (or, for that matter, other activity fields of society, e.g. state-owned industries) have not been as prominent as, for example, in the UK or the USA (e.g. Megginson and Netter 2001). Consequently, reform programmes were implemented much later than in many other countries (e.g. Krejci 1996: 7ff, Nowotny 1996: 11ff). In order to answer the second research question it is necessary (i) to map the current balance of the mixed economy of poverty relief in Austria and (ii) to examine whether developments that have led up to the current balance qualify as ‘privatization’ and/or ‘marketization of poverty alleviation. Based on the (results of the) empirical investigation, it will then be possible to evaluate the capability of the conceptual framework elaborated in assisting the investigation.

3. Research strategy and plan of the book

The author is a social policy analyst with a background in economics. This study is guided, however, by the research questions and objectives of, and not by the (necessarily limited) pool of theories and methods available within economics. It has therefore adopted a multidisciplinary and interdisciplinary approach to allow for openness towards concepts and theories from neighbouring disciplines (e.g. political science and sociology).

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6 The Austrian welfare state is conservative and highly influenced by corporatism (Esping-Andersen 1990: 27, Heitzmann and Österle 2008). Social security relies primarily on gainful employment (accompanied by employment-related social insurance) and traditional family formations (assisted by universal cash transfers granted to families). Austria has a long history of statutory welfare provided from cradle to grave, but also a strong involvement of nonprofits in the delivery of social services (Bachstein 1997, Trukeschitz 2006: 187ff, Schneider et al. 2007).
Research strategy

Various information sources have been utilized to answer the first research question. A comprehensive literature review was conducted to collect and examine prevalent interpretations of the main concepts discussed in this book, including ‘poverty relief’, the ‘welfare mix’, ‘privatization’ and ‘marketization’. Based on this literature assessment, a conceptual framework has been elaborated that differentiates between two types of a welfare mix and between ‘privatization’ and ‘marketization’.

The main aim of the second research question is to test the appropriateness of the conceptual framework in completing an empirical investigation on the mixed economy of poverty relief and recent changes thereof. Therefore, it has first been necessary to operationalize the framework's crucial concepts. Second, and based on operationalization, data needs have been deducted and data sources containing relevant information have been identified. Only secondary data sources have been utilized for the empirical part of the study. Information has been derived from various databases (e.g. Eurostat 2008) and publications, including not only journals and books, but also many grey papers, such as unpublished government reports or documentation (in part derived from internet sources) of various organizations containing information on the contributions of public and nonprofit actors in poverty relief in Austria.

Plan of the book

The outline of this monograph is as follows. Apart from this introductory chapter, the book includes four more chapters. Chapters I and II contain the conceptual and theoretical framework of this study. Chapter III comprises the empirical information collected. The concluding chapter discusses policy implications of the findings and lists potential future research endeavours.

Following this introduction, Chapter I starts with clarifying one of the principal concepts used in this book, namely ‘poverty relief’. It first disentangles the concept into its two parts, and presents working definitions for the terms ‘poverty’ and ‘relief’. Then, it concentrates on (i) different types of measures of poverty relief and (ii) different types of providers, focusing on public and third-sector organizations. Chapter II first elaborates on the concept of the ‘mixed economy’. It starts by separating in-
interpretations of the notion of ‘welfare mix’ that concentrate on a mix of welfare actors (which is labelled ‘Type I welfare mix’) from interpretations that focus on a mix of welfare norms, values and rationales. The latter establishes how welfare actors provide welfare (the resulting mix in the modes of provision is termed ‘Type II welfare mix’). The chapter continues to examine the concept of ‘provision’, as it is argued that a thorough analysis of this concept allows capturing the very characteristics of both Type I and Type II welfare mix. The concept of ‘provision’ is disentangled into three different components: production/delivery, finance and – introduced in this study – ‘provider decisions’. All of these elements are discussed in relation to the dual concept of the ‘welfare mix’. Chapter II then goes on to conceptualize ‘privatization’ and ‘marketization’. The first concept is identified as a specific type of shifts of ‘Type I welfare mix’. The latter refers to specific changes of ‘Type II welfare mix’. Again it will be shown that the characteristics of ‘privatization’ and ‘marketization’ can be captured through the three elements of provision.

Drawing on these theoretical and conceptual underpinnings, Chapter III deals with the empirical evidence collected for this book. First, it operationalizes the main concepts elaborated in the first two chapters and identifies data needs and available information sources. Second, it illustrates the current balance of the welfare mix in poverty relief in Austria, utilizing a variety of secondary data on the provision of public and non-profit organizations. Third, Chapter III examines recent changes of the welfare mix in Austria in order to ascertain whether they qualify as an increasing ‘privatization’ and/or ‘marketization’ of poverty alleviation. Finally, it discusses the conceptual framework’s capability to assist in the empirical investigation.

The Conclusions summarize the main results of this study and discuss implications of the findings. This includes identifying potential future research endeavours deriving from this study.