Social Enterprises in The Hague: top-down or bottom up initiatives
Executive Summary

Social enterprises received growing attention since the financial crisis started in 2008, due to severe public sector cut backs and the inability of current structures and policies to meet social problems. This development has also been accelerated by the dissatisfaction of consumers and society in private and public institutions. In general, society has become more critical of the conventional approach of doing business. Thus, attention has been drawn on the significant scaling social enterprises can have on social change.

The thesis takes an explorative approach and aims to identify the main challenges of scaling up in social entrepreneurship. For that reason, the thesis explores first the efforts and current legislative actions on the European, national and local level in order to provide an understanding of the support mechanisms for the social enterprise sector. Secondly, the thesis makes use of qualitative data on the current patterns of social enterprises at the local level, which is based on an analysis of case studies of three different types of social enterprises in The Hague. Interviews were conducted with three social entrepreneurs in order to receive empirical insights of existing initiatives. The analysis identifies the main start-up and scaling up challenges of social enterprises on the local level, which can add important knowledge for the social enterprise sector in the Netherlands and other parties involved in this area.

The outcomes contribute to a wider understanding of how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives. The research concludes that social enterprises should be initiated by conscious entrepreneurs and communities that embody a social role in a certain locality. For that reason, social enterprises are bottom-up initiatives as they are self-organised by citizen’s groups that have managed to create new initiatives and especially, in the early stages without significant help from the public sector or other actors. Nevertheless, social enterprises and intermediate organisations have emphasised on mobilising other parties such as local authorities, national governments, and European institutions to provide more financial and legal support and accelerate the scaling for this sector.

Future research would benefit from the collection of additional data on the role of intermediate organisation, since the research shows that intermediate organisations embody the role of advocates for the social enterprise sector. This data could bring more relevant information to solve the challenges identified in this research.
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European Union (EU)
European Parliament (EP)
European Commission (EC)
Expert group of social economy and social Enterprises (GECES)
1. Introduction

The concept of social enterprise is since 2008 gaining a fast growing interest across the world (Defurny and Nyssens, 2010). Throughout Europe, social enterprises have gained popularity since the beginning of the financial crisis, and their appeal has grown in the last seven years (McKinsey, 2016). The concept of social enterprises is widely used in literature and by policy-makers to describe a new way of doing business. This is due to the fact that social enterprises have social goals, which most often correspond to a response to environmental, cultural or societal needs. The European Commission defines social enterprise as an operator in the social economy whose main objective is to have a social impact rather than to make a profit for their owners or shareholders (Social Business Initiative, EC).

The European Commission is working towards an environment in which there is favorable financing, administration and good legal circumstances for social entrepreneurs. A good example of such supportive initiatives is the Social Business Initiative of the European Union (SBI, EC). In the Netherlands, studies show that the social enterprise sector is increasing since 2011 (McKinsey, 2016), but the lack of recognition of social enterprises in the national context is hindering the prospects of social enterprises (EC, 2014). Nevertheless, non-governmental organisations such as national networks, platforms and foundations are encouraging and promoting social enterprises with practical help. Especially on the local level, network organisations are showing efforts to offer a wide range of possibilities for social enterprises and start-ups.

Many trends and developments indicate an increasing emphasis on social enterprises as a mean for social impact. First of all, consumers today are more conscious of environmental and societal problems because of globalisation, access to higher education and the use of media, such as the Internet. Secondly, the emergences of diverse organisational structures or “hybrid organisations” that have characteristics of the non-profit and for-profit sectors indicate the fading boundary between the two sectors. Traditionally, social impact has been a non-profit or governmental affair. Nowadays the development of social enterprises shows that for-profit companies and entrepreneurs are increasingly playing a role in tackling a social issue. Lastly, the inability of governments to solve social problems and the decrease in national public and private funding due to the financial crisis has increased the number of social enterprises.

Thus, the research aims to explore the main scaling challenges for social enterprises to examine how these challenges identified can be addressed and minimized by implementing top-down policy support
or bottom-up initiatives. The research is limited in investigating the scaling challenges of social enterprises solely at local level providing a microanalysis of social enterprises in The Hague. The research question of this thesis is twofold:

What are the scaling challenges of social enterprises in The Hague? And how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives.

To answer the research questions, the first chapter of the thesis aims to outline the different views on the term social entrepreneurship in order to introduce the main characteristics described by academic scholars. Additionally, the EU’s definition and characteristics of social enterprises are identified to develop an understanding of its concept and trend in Europe. Moreover, the scaling challenges of social enterprises are outlined which facilitate to explore the scaling challenges of social enterprises in The Hague in chapter four. In the second chapter, the research design is set out and the methodology of this study is described. The latter chapter presents the data and sources that are used for this microanalysis. The third chapter explores EU policy recommendations, agendas, and regulations to define the EU’s current position and efforts to improve the challenges of social enterprises. In this chapter, attention is also given to the existing EU funding programs for social enterprises. Furthermore, specific networks and support mechanisms for social enterprises on the national and local level will be described. This chapter presents the policy support that is directed from a top-down approach. The fourth chapter is dedicated to the identification of the key scaling challenges of social enterprises by conducting interviews with entrepreneurs on the local level of The Hague. Finally, the last chapter of the research will serve to compare the three selected social enterprises, to analyse their challenges and discuss how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives. In the conclusion section, future suggestions for research are given as well as recommendation for improving the ecosystem of social enterprises on the local and national level.
2. Methodology

The aim of this research is to identify the start-up and scaling challenges of social enterprises of The Hague by studying empirical research, academic literature and comparative examples of the field of study. The research aims to examine the scaling challenges and discuss how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives. The research is limited in investigating the challenges of social enterprises solely at local level, providing a microanalysis of social enterprises in The Hague.

The first chapter of the thesis includes the theoretical framework, which is divided into three different sections. The first section briefly outlines the academic literature on social entrepreneurship such as “Merging Mission and Money: A board Member Guide to Social Entrepreneurship” by Boschee (1998), “Entrepreneurship as Social Change” by Steyaert and Hjorth (2016) and “Common Interest, Common Good: Creating Value Through Business and Social Sector Partnerships” by Sagawa and Segal (2000). In the second section, a descriptive method is utilised by means of introducing main definitions and key characteristics of social enterprises. Despite the variety of definitions of social enterprises worldwide, the main definition used in the research is that of the European Commission. This section outlines the spectrum in which social enterprises are positioned and the fields in which social enterprises operate.

The third section is focused on the key components of “The Scalability Framework”, developed by Weber, Kröger and Lambrich (2012). The aim of developing the model of The Scalability Framework was to identify the strategies, drivers and obstacles of the scaling process of social enterprise. The seven key components identified in the framework are Commitment of the Individuals Driving the Scaling Process, Management Competence, Entire or Partial Replicability of the Operational Model, Ability to Meet Social Demands, Ability to Obtain Necessary Resources, Potential Effectiveness of Scaling Social Impact with Others, and Adaptability. The Scalability Framework is used in this research to identify the factors and challenges of social enterprises in The Hague, because it provides an understanding of the key components that could facilitate or hinder the scaling up of social enterprises.

In the second chapter, the findings start first by presenting the policy initiatives of the European level. These findings are based on desk research, which are supported by both quantitative and qualitative studies. The secondary data is collected from accurate sources of the field like political agendas of the EU, as well as policy recommendations of working groups of Member State experts, and funding
programs. The second part of the findings presents specific networks and support mechanisms for social enterprises in the Netherlands. This chapter emphasises on the work of the European Commission, as well as the research papers of McKinsey *Opportunities for Dutch social enterprise sector* and *Scaling the impact of the social enterprise sector* (McKinsey, 2011; McKinsey, 2016). These two sections of the findings describe the institutional support programs for social enterprises that are directed from the top down.

The third chapter is dedicated to identify bottom-up initiatives of social enterprises on the local level. The primary sources, which are three interviews with entrepreneurs on the local level, present examples of the current patterns of social enterprises in The Hague. The social enterprises at the local level are *We Are Public* a social enterprise in the field of art and culture, *Surfhuis* a social enterprise in the field of leisure and crafts, and lastly, *ConciousKitchen* a social enterprise in the field of cuisine and environmental protection. These three examples are selected because they show different legal characteristics of organisations that have attributes from the private sector and the public sector. The choice of having different types of social enterprises is to identify if there are similarities and differences in the answers and to avoid collected information from only one type of social enterprise. This section aims to demonstrate the growth, opportunities and challenges of social enterprises in The Hague.

Finally, the last part of the thesis serves to compare the scaling challenges of the three selected social enterprises to examine how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives. The analysis section demonstrates that social enterprises face many different challenges. The primary challenge is that social enterprises do not have a sustainable financial model resulting in the need of public or private funding. Another challenge is that social entrepreneurs do not make time to create business plans before they put the work in action resulting in the lack of communicating their idea. The third challenge is that national and local governments fail to promote the visibility of social enterprises, which results in the difficulty for social enterprises in finding funding support or partnerships. However, the strong social network that social enterprises create with the local community is an opportunity to improve their visibility. The conclusion shows that social enterprises are bottom-up initiative and achieved to mobilise national and local governments and European institutions in order to accelerate the scaling of their social mission. In the conclusion section, recommendation and future suggestions for research are given that could improve the ecosystem of social enterprises in The Hague and in the Netherlands.
3. Social enterprise in Europe: From theory to practice

Since 2008, the academic field of social entrepreneurship has received rapidly growing attention and the concept is highly debated. For that reason, the first section of the theoretical framework briefly outlines the academic literature of social entrepreneurship. The second section of the theoretical framework concentrates on the definition and characteristics of social enterprises. The last section of the theoretical framework refers to The Scalability Framework, developed by Weber, Kröger and Lambrich (2012) in order to identify the key components of the possible challenges of social enterprises.

3.1. Literature Review

In the academic literature it can be observed that researchers have different views on the term of social entrepreneurship. One group of researchers refers to social entrepreneurship as non-profit initiatives in search of alternative funding strategies, or management strategies to create social value (Austin, Stevenson, & Wei-Skiller 2012, p.371; Boschee, 1998). A second group of researchers understands it as the socially responsible practice of commercial businesses engaged in cross-sector partnerships (Sagawa & Segal, 2000; Waddock, 1988). And a third group views social entrepreneurship as a means to improve social problems and catalyse social transformation (Alvord et Al., 2004; Steyaert and Hjorth, 2006; Nicolls, 2006). The terms social entrepreneurship, social entrepreneur and social enterprises are closely related to each other and will be used during the course of this thesis. The definitions of social entrepreneurship typically refer to a process or behaviour, definitions of social entrepreneurs focus instead in the founder of the initiative and definitions of social enterprises refer to the tangible outcome of social entrepreneurship (Mair, J. and Marti, I., 2004).

After having outlined the academic literature of the concept of social entrepreneurship, the following section analyses the different characteristics of the EC regarding social enterprises.

3.2. Definition of social enterprises

Social enterprises, in Europe, are seen as businesses that address social problems as their primary objective, while they are commercially active. In this view, social enterprises involve entrepreneurial skills and perspectives as a form of income-generating venture aimed at social benefits instead of pure profit (Grieco, C., p.6). The European Commission uses the term “social enterprises” to cover three types of businesses (EC, SBI, 2017). The first type defines enterprises that use their commercial
activity to achieve a social- or societal objective of the common good. The second type are businesses that reinvent their profits in order to achieve their social objective. The third type are enterprises in which the method of the organisation reflects the enterprise’s mission by using democratic, participatory principles or focusing on social justice. These categories of social enterprises show that the language used is rather new and indicates a blurry boundary between the non-profit and for-profit sectors. Thus, social enterprises are a mixture of both sectors and show therefore characteristics of hybrid organisations.

Figure 1: Spectrum of social enterprises (Shaerpa, Shaping Impact. N.d)

Figure 1, demonstrates that the spectrum of social enterprises is broader because they can sometimes function more as charities and sometimes more as commercial enterprises to achieve their social mission. In the next paragraphs the characteristics of the three types of social enterprises, mentioned above, are discussed.

3.3. Characteristics of social enterprises
The first characteristic that is used by the EC to identify social enterprises is regarding their commercial activity, meaning the production of good or services that is used to achieve a social or societal objective of the common good. Two general aspects can be observed: one that separate social enterprises from charities and one that separates social enterprises from traditional enterprises, as
shown in figure 1. The first aspect that separates social enterprises from non-governmental organisations, is the fact that non-governmental organisations in general terms receive funding from donations, subsidies, grants, while social enterprises finance their objective through the economic market. Social enterprises achieve their objectives often via high capabilities of innovation, in form of sustainable solutions or other types of business strategies and only partially via donations, subsidies, and grants (McKinsey & Company, 2016, 4). Therefore, social enterprises can work more independently and can be more economically sustainable compared to non-governmental organisations. The second aspect, which lies in the mission of social enterprises, differentiates social from commercial enterprises. The mission of social enterprises is in the form of social or societal objective, whereas commercial enterprises do not primary focus on such objective, as shown in figure 1. For that reason, social enterprises have predominantly organisational autonomy, bear economic risk and have generally their own decision power.

The second characteristic set by the EC to identify social enterprises is the reinvestment of profits to achieve the company’s social or societal objectives. This definition is formed to describe that social enterprises should principally reinvest their profit in their social objective of the business rather than distribute profit for shareholders, owners or investors. The purpose of such definition is to prioritise the societal aim over profit-making. This idea separates social enterprises from traditional enterprises, due to the fact that traditional enterprises reinvest their profit to maximise economic growth.

The third characteristic used by the EC to identify social enterprises focuses on the method of the organisation that should reflect the enterprise’s mission by using democratic, participatory principles or focusing on social justice. In this definition the EC pays attention on the internal organisation of social enterprises. The internal organisation should ensure inclusive governance through participation of employees, consumers and stakeholders affected by its commercial activities in transparent and democratic decision-making processes (Heinrich Böll Stiftung, 2015, Social Entrepreneurship Forum). Social enterprises are classified as businesses that explicitly commit to achieve social, environmental or cultural goals. Thus, it is not surprising that the EC characterises four main fields in which social enterprises operate. These fields include the integration work of disadvantaged people, social services in health and education, local development of rural and disadvantaged areas culture, protection of the environment, and sports.

3.4. Success factors and challenges for scaling
The following section introduces two studies that developed similar conceptual frameworks proposing key components, which can stimulate successful scaling for a social enterprise. The conceptual framework, the Scalability Framework, developed by Weber, Kröger and Lambrich (2012), is used as
The basis to identify the key components of the start-up and scaling-up factors and challenges of social enterprises. The Scalability Framework refers to seven key components that social enterprises have to consider in order to grow and to scale its impact. These seven key components are explained in the next section.

The first three components refer to the internal organisation of the social enterprise. The first key component in The Scalability Framework is *Commitment of the Individuals Driving the Scaling Process*. This component alludes to the individuals who drive the process of scaling social impact, and these individuals could be the founder, member of the management team, involved employees and volunteers, and members of the enterprise’s network (Weber, Kröger & Lambrich, 2012, p.4). The second key component is *Management Competence*. This component refers to the capability of professionally manage the scaling process. The importance of this component is explained by the fact that social enterprises, in general, need to work towards a for-profit approach way. Failure to work in a for-profit approach might lead to an unsuccessful scaling process (Weber, Kröger & Lambrich, 2012, p.5). Moreover, the third component in The Scalability Framework is *Entire or Partial Replicability of the Operational Model*. When the social enterprise's operational model has been determined to be feasible, the complexity should be decreased to facilitate the replication process (Weber, Kröger & Lambrich, 2012, p.5). Social enterprises that are capable at replicating can reach more people with high-quality services and programs, which result in faster scaling.

The following three components refer to the external organisation of the social enterprise. Thus, the fourth component is the *Ability to Meet Social Demands* that is explained by, how to maximise the social impact. The social demands are usually much larger than the extent of a social enterprise’s activities, because the government or the market has not dealt with the social issues yet. The obstacles that limit the capability to scale social activities could be drawn by operational complications, such as lack of distribution channels, or economic limits. The ability to meet social demands depends on the efficiency of the social enterprises to overcome these obstacles (Weber, Kröger & Lambrich, 2012, p.6). The fifth component is *Ability to Obtain Necessary Resources*, which refers to obtaining financial sources. It is complicated for social enterprises to obtain the necessary resources for scaling social impact (Weber, Kröger & Lambrich, 2012, p.6). A social enterprise that implements a for-profit approach where building revenue is central will probably increase its earnings. However, many social enterprises have trouble implementing this approach because their focus is on their societal mission. The financial capital of social enterprises could come from earned income efforts, donations, funding, grants, sponsorship, membership fees, investments, and other sources. The next component is *Potential Effectiveness of Scaling Social Impact with Others*, which refers to the capability of having other organisations, companies, and/or institutions supporting the social impact. Social enterprises can
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choose to scale their social impact by themselves or by relying on others, to obtain the necessary resources. The choice between these two depends on which one can most effectively maximise the social impact. As mentioned before, maximising the social impact is the central focus for social entrepreneurs (Weber, Kröger & Lambrich, 2012, p.7). Actions from government can be important for scaling social impact, and even if social entrepreneurship might be an alternative for government action, private and market-oriented social enterprises might be insufficient to solve some social problems.

The last component in The Scalability Framework is Adaptability, which refers to the ability to effectively scale the social impact. This component is dependent on the social demand the social enterprise aims to meet. Scaling social impact is different for social enterprises, some want to reach out to multiple locations, some to other target groups, and some to products or services different from the previous they had (Weber, Kröger & Lambrich, 2012, p.7). For that reason, it is necessary to effectively be able to convince key stakeholders that the enterprise’s strategy is worth implementing and/or supporting. An effective communication strategy will help to develop the social entreprise’s capability to scale. Indeed, social enterprises have to be able to spread the word and to be convincing about what they are doing, in order to attract attention from the media and reach the public.

4. Top-down policy initiatives

The first section of this chapter provides an understanding of the challenges of social enterprises identified at the European level as well as at the national level in the Netherlands. The second part of the findings presents policy initiatives and recommendations implemented by the European Union, as
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well as different support programs and network organisations for social enterprises. These two sections of the findings describe the institutional support mechanisms for social enterprises that are directed from the top down.

4.1. Defined objectives of social enterprises at EU level

The EU and the individual Member States have shared competences on the policy affairs of the social economy sector, which includes social enterprises. Although the EC acknowledges the importance of social enterprises in accomplishing broader social aims while increasing the competitiveness of the European economy, it recognises challenges that social enterprises have in order to accomplish their social mission.

The challenges of social enterprises from the perspective of the EU are described in the Social Business Initiative (EC, SBI, 2011). The Social Business Initiative was introduced by the EC in 2011 to identify actions that foster and improve the environment for social enterprises. These actions are organised around three objectives. The first objective consists of facilitating social enterprises to obtain funding, because the EC acknowledges that social enterprises are struggling to find the right funding opportunities due to the lack of understanding of their functioning and their small size. The second objective consists of increasing the visibility of social entrepreneurship, because social enterprises lack of recognition. The third objective consists of creating a favorable legislative climate for social enterprises, because across EU countries the legal frameworks of social enterprises vary (EC, SBI, 2011). The EC has introduced a consultative body in 2012, Expert Group of Social Economy and Social Enterprises (GECES), for the period of 2012 until 2018 in order to assist in executing the objectives of the Social Business Initiative (GECES, 2018). The GECES continues to execute the objectives described above under the proposal of the European Action Plan for the Social Economy and Social Enterprises for the period 2018 until 2024 (GECES, 2018)

4.2. Defined challenges of social enterprises in the Netherlands

Two studies conducted by McKinsey identify five main challenges for social enterprises for scaling in the Netherlands (McKinsey, 2011 and 2016). The first challenge recognised is the lack of attention of the social enterprise sector and its stakeholders on scaling up. Many stakeholders believe that the mission of social enterprises may not include revenue or profit generation. In order to increase social impact, enterprises need to scale up, which requires revenue growth ambitions from entrepreneurs, public acceptance of profitability to attract governmental recognition and financing (McKinsey, 2016). The study shows that 42% of social enterprises is not profitable, 27% not even after five years (McKinsey, 2011, p.10). The second challenge identified is the difficulty to attract management talent for growing from the start-up phase to the next phases. Although founders can often rely on ambition
and enthusiasm to establish an organisation, scalability requires specific operational and financial expertise. Attracting people with those skills takes time and many enterprises find it difficult to attract experienced people for management positions since they tend to pay less than in commercial enterprises (McKinsey, 2016). The third challenge concerns the access to funding specially after the start-up phase. Social enterprises require intensive business support to succeed a funding application as well as prove growth to be attractive for funders (McKinsey, 2011 and 2016). The study shows that almost 60% of social enterprises in the scaling process indicate limited access to funds as an obstacle for growth (McKinsey, 2011, p.11). In fact, approximately EUR 600-650 million of funding is available for social enterprises in the Netherlands and approximately EUR 250 million is available for companies in the start-up phase (McKinsey, 2011, p.11). The fourth challenge recognised is that, generally, social enterprises do not measure impact. Therefore, it is difficult to compare the impact of individual social enterprises, which in turn limits its visibility and its ability to attract talent, funding and government support. The last challenge is that on the demand side it is not yet a priority to buy from social enterprises. Thus, creating enough demand is the main source for driving growth (McKinsey, 2016).

4.3. Policy initiatives and support mechanisms

The EC has implemented various actions in order to minimise the challenges of social enterprises. Since social enterprises differ from country to country, the EC has initiated an in-depth study on social entrepreneurship that gives an overview of social enterprises across EU countries named “a map of social enterprises and their eco-system in Europe”, as well as country reviews about social enterprises. The country review on the ecosystem of social enterprises in the Netherlands conducted in 2014 by the EC has concluded that many barriers hinder the prospects for social enterprises particularly related to the lack of recognition of social enterprises in the national context. For instance, national public support and initiatives is lacking due to the fact the Government does not consider social enterprises to require preferential treatment over other types of enterprises (EC, 2014). Apart from that, the only national data enabling assessment of the size of social enterprises was conducted by consulting companies such as McKinsey and PWC, rather than initiated by the government.

In addition, the EC has developed a guide for public authorities to support social innovation to help national and regional governments to promote and finance social enterprises (Guide to social innovation, EC, 2013). In line with this, the EC has proposed to simplify the rules regarding legal recognition and public procurement opportunities for social enterprises, due to the fact that social enterprises have complex legal and structural forms. The EC has also recommended to put forward a European regulatory framework for social investment funds (EuSEF), which is designed to identify funds focusing on European social businesses, making it easier to attract investment (Regulation No
346/2013, EuSEF, EC). Moreover, the EC has advised to establish EU financial instruments to provide easier access to funding. For example, the Microfinance and Social Entrepreneurship axis, that supports self-employed social entrepreneurship increases the access to microfinance for social enterprises (EC, EaSI, 2014).

The study conducted by PWC in 2018 shows that only 40% of local authorities have a policy of encouraging and facilitating social entrepreneurship in the Netherlands (PWC, 2018). For instance, after the local elections of March 2018, most local authorities introduced a municipal executive agreement and a number of major cities, such as Amsterdam, Rotterdam and The Hague, have a program of action towards social entrepreneurship (PWC, 2018). Moreover, the Dutch House of Representatives recently organised three hearings on social enterprises and the role that the government can play to further foster the ecosystem. Although the hearings did not immediately give rise to a concrete call to action, one of the Dutch political parties (ChristenUnie) took the initiative to submit an proposal at the start of September 2018: “Ondernemen met een maatschappelijke missie – (H)erkenning van Sociale Ondernemingen door de BVm” (ChristenUnie, 2018). This shows clearly that this sector is becoming more prominent on the political agenda at national level. The local government of The Hague has also shown its efforts and success in boosting the number of social enterprises in the city. The action programs are facilitating, encouraging and initiating a sizeable number of initiatives in order to increase the social entrepreneurship movement in the city (Social Enterprise NL, 2018).

On the European level, different funding programs exist for social enterprises. These funding programs are for example Creative Europe, Horizon2020, and European Investment Fund. However, these programs are not solely accessible for social enterprises, but also for start-ups, entrepreneurs and small-medium-sized enterprises. The EC has proposed to create information and exchange platforms in order to increase the visibility of EU programs and facilitate cross-sector collaborations. In the past, platforms such as the Social Innovation Europe (SIE), running from 2014 until 2016, and the Social Innovation Community, running from 2016 until 2019, were initiatives developed under the Horizon 2020 program aiming to share research and exchange best practice in the field.

These platforms are network organisations that bring together policymakers, funders and foundations, private sector organisations and social enterprises, NGOs and social service organisations. They work as intermediaries providing support and facilitating connections between actors to help social enterprises grow and scale. The Euclid Network, funded by the EU from the period of 2018 until 2021, is the largest European intermediate organisation that organises workshops and events to create connections between actors, as well as influences European policy and funding. Their members are universities, charity foundation and national intermediate organisations from all over Europe. For
example, the Dutch national network organisation, Social Enterprise NL, is one of its members. Social Enterprise NL provides business support for more than 350 social enterprises and improves market conditions for social enterprises by lobbying the national government. Intermediary organisations are also developing social enterprise communities at the local level (Social Enterprise NL, 2018). ImpactCity is a network organisation for the start-up and scale-up community of The Hague facilitating the visibility of social enterprises, providing access to relevant networks and growth capital. Their network includes social enterprises but also governments, companies, NGOs, research centres and knowledge institutes to maximise growth for social enterprises (ImpactCity, 2015).

5. Case studies: Bottom-up social enterprise initiatives

In this chapter, there are short presentations of the study cases located in The Hague, followed by empirical results from the interviews. Three interviews have been conducted in order to gain inside on social enterprises at the local level of The Hague. These social entreprises’ organisational structures do not respond to the principles of traditional and vertical companies. Rather, their structures are flexible and horizontal.
5.1. We Are Public (Cultuuroptimist): Social enterprise in the field of arts and culture

“We Are Public” is a non-profit platform social enterprise located in the Netherlands, which exists since approximately five years. The social enterprise offers a selected cultural program, which includes every artistic discipline from visual art to performance art for a monthly membership card. The aim of the social enterprise is to attract new cultural-interested audience and young people in different art disciplines. The aim is to facilitate cultural mobility though the membership card in the cities We Are Public is operating. The social mission is to generate income for artists and makers since the budget cuts have affected art institutions and subsidies in the cultural domain. We Are Public is available in twelve cities in the Netherlands. They started with a small team, which has increased, now in an overall team of thirty people, who work as freelancers or part-time employees.

When it comes to the key factors of We Are Public’s successful scaling, the absolute first one is the trust and the access to the target group. Although We Are Public is not referring to any specific age group, their target consists of a new audience called the “cultuuroptimisten “, meaning people that are culturally optimistic and open to explore more artistic disciplines. As the interviewee mentions, “the community of members expand over every age group with the youngest member of 8 years old and the oldest of 92 years old”, confirming that age does not play a role for cultural-interested people (We Are Public, 2018). In line with this key factor comes the professionalisation of the work behind the selection of the cultural program. As the interviewee points out, “the selection of the program differs from city to city since the program is organised by the We Are Public team responsible for the cultural events of a specific city” (We Are Public, 2018). We Are Public is a communicative social enterprise and they meet the media in a good way, which helped them to reach to new audiences and funders. Another important factor is the partnership with the art institutions, small collectives and festivals in order to offer the art programs.

We Are Public has a semi-sustainable financial model, which generates income for the art makers of the cultural events with the membership fee. Interestingly, he indicates that there are members that do not attend many events of the selected program, but pay the membership fee as a form of donations since they want to support arts and culture (2018, appendix 2). Nevertheless, the social enterprise needs subsidies and funding despite the membership revenue. The social enterprise obtains different kind of funding support, which is significant for the successful scaling. The social enterprise receives private funding, such as from banks, and public funding, such as from Fund 1818, as well as European funding, Creative Europe. The funding is specifically used to reach wider geographies, meaning when We Are Public is opening in a new city. Apart from that, We Are Public is involved in initiatives regarding local policy-making. The platform of We Are Public in The Hague is in contact with the Municipality of The Hague, since the city is interested to increase innovative enterprises in the cultural
sector. Also the Ministry of Culture, Education and Science is in conversation with the platform, due to its innovative concept, that enables cultural mobility for users and makers. The municipality of The Hague as well as the Ministry of Culture, Education and Science are involved partners that are an important factor for the scaling process of *We Are Public*.

When it comes to the challenges for the successful scaling of *We Are Public*, the largest challenge is to find funding. Even if the cooperation with the local municipality as well as with the Ministry of Culture, Education and Science are one of the key factors for their successful scaling, the partnership is also one of the main challenges. It is not easy for actors coming from different sectors to initiate a partnership, and a lot of coordination and dialog is necessary for successful collaboration and result. This cooperation is very complicated because *We Are Public* is dependent on their support to reach wider geographies, but at the same time *We Are Public* is initiating an organisational model for the cultural mobility of users and makers. Another challenge for the successful scaling of *We Are Public* is the search for high skilled team members. The team members in each city are responsible to deliver a personal selection of the cultural happenings.

The main reason why many social entrepreneurs fail to scale up is because they have not found a sustainable financial model, which makes them dependent on funding.

### 5.2. *Surfhuis*: Social enterprise in the field of leisure and crafts

*Surfhuis* is a social retail shop that sells local handcrafted items. The shop makes it possible for local artisans to expose their work. The items are consciously chosen to raise awareness about sustainability and local production. The shop mainly focuses on surfboards and water sports therefore it also offers repair services of surfboards and wetsuits as well as customised production of surfboards. Moreover, it is a place for crafts training of surfboards in order to educate about the local production methods. The social problems *Surfhuis* works against are to reduce waste, to increase the economic and educational space for crafts, and minimise imported products. *Surfhuis* is a profit-making business, because it has to sell its products in order to gain profit. Nevertheless, the enterprise creates a space for artisans, crafts training and raising awareness about recycled products and conscious buying, which make it a social enterprise. *Surfhuis* started in 2016 with one employee and there are three employees today.

One of the prime key factors for the scaling of *Surfhuis* is that they work together with the community. The employees as well as the local partners, which are the artisans, are committed and believe in the core idea, and in a culture where they want to be part of the social change. The social enterprise is built on the founder and the partners, which makes them extremely important. Another significant key
factor for the scaling of *Surfhuis* is their adaptability, and effectiveness of scaling the social impact. The enterprise develops innovative tools in order to maximise the social impact. In 2010, *Surfhuis* has started to develop a Do-It-Yourself surfboards CNC machine (BoardBoxx) with the goal to facilitate the local and sustainable production of surfboard, because it allows replacing traditional materials with innovative, recycled and greener materials. According to the interviewee “sustainability starts with a quality build product made to last and with the possibility to recycle, instead to just throw it away after the usage”. This enterprise’s innovation and strategy has attracted stakeholder support through effective communication. The social enterprise network organisation, ImpactCity NL, has supported the idea funding partially the CNC machine. In an interview with ImpactCity in 2015, the interviewee points out “the machine is an open source and anyone can build it and use it.” (ImpactCity, SurfLab, 2015).

An extremely important part of the successful scaling is also that *Surfhuis* is driven as a traditional enterprise. *Surfhuis* implements a for-profit approach, where the financial capital comes from earned income efforts.

When it comes to the challenges for the successful scaling of *Surfhuis*, the largest challenge is the organisational aspect of the enterprise. The challenge to attract management talent for specific operational and financial expertise is difficult since *Surfhuis* is unable yet to pay an average salary. In line with this, the challenge to secure the quality of the products and services depends highly on the skills of people, which is difficult to find in The Netherlands since the surfing industry is very small. Another challenging part is to find a sustainable financial model that brings stable income. Although *Surfhuis* offers highly qualitative products and services they are short-term solutions for a financial model. A long-term solution for a sustainable financial model could come from membership fees and sponsorship or funding, which would stabilise the monthly profit. Moreover, to obtain funding or sponsorship is challenging for *Surfhuis* because it requires intensive business support to succeed a funding application as well as prove growth to be attractive for sponsors.

The two reasons why many social entrepreneurs fail to scale up are because they do not dare relinquish the responsibility and want to be involved in everything, which makes it impossible to scale up. To many responsibilities and to many ideas often result in mediocre outcomes. The other reason is that they have not found a sustainable financial model since they have not taken enough time to create a direction and a plan before they put the work in action.

5.3. *Conciouskitchen*: Social enterprise in the field of cuisine/environmental protection

*Concious Kitchen*, founded in 2016 in The Hague, provides weekly dinners for the local community to promote conscious living and sustainability. The dinners are produced in a sustainable way, either
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by using food from local markets that would otherwise been wasted, or by sourcing it from local and organic producers. The social problem Consciouskitchen works against is primarily to reduce the food waste, but also to improve the community integration in The Hague. As the interviewee says “we now consider community to be as important as sustainability” (Anonymous, 2019, Appendix 4). Consciouskitchen is a non-profit social enterprise. Starting with a small group of initiators Consciouskitchen has grown into a 12 people team in 2018. The social enterprise is since 2018 also located in Leiden with five-team members.

When it comes to the key factors of Consciouskitchen’s successful scaling, the absolute first one is the commitment of the team and volunteers that help to pick up food, cook, serve or clean. There is a strong participation among all the involved personnel in the social enterprise, which is extremely important. Another key factor is their network with other local organisations to promote mutually sustainable or community oriented initiatives. Consciouskitchen has short-term and long-term collaborations with local organisations such as Lekkernassuh, a biological food provider from local famers, Spinozahof, a local community garden, as well as with student related organisations such as Leiden United, IESA Shift and LUGO Den Haag. An extremely important part for the scaling of Consciouskitchen is the recent subsidy support from the municipality of The Hague for the efforts towards sustainability and social cohesion. The subsidy is significant for the successful scaling since the enterprise’s earnings come solely from the donations for the dinners.

A main challenge is the structure of the whole social enterprise due to a missing organisational and working structure since it started as a fun project. As the interview points out, Consciouskitchen has to become more formal in order to potentially replicate in more places. Another challenging part is to find long-term funding, since the social enterprise does not have a sustainable financial model. The only income the social enterprise generates is through their dinners which is spend back to the basic amenities, such as rent, maintenance of transport facilities and promotion materials.

The main reason why many social enterprises fail to scale up is due to the lack of support and support structures. To be able to succeed there need to be cooperation between the social enterprises and the local governments in order to expand to other cities in the Netherlands.
6. Analysis of the Empirical Result

The results from the previous chapter are analysed with the help of The Scalability Framework from the theoretical framework to compare the cases and identify the main factors and challenges of social enterprises.

6.1. Commitment of the Individuals Driving the Scaling Process and Management Competence

First of all, as described by Weber et al (2012), the commitment of the individuals and the management competences are the key factor for driving the process of scaling the social impact. The result section shows that all the cases point out their employees as a significant key factor for their scaling success. In the studied cases, one might note that there is more or less an incentive from both the employees and the social entrepreneurs to drive the scaling process. In the case of We Are Public,
the employees are an important factor as they are responsible to deliver selected cultural programs with a high level of diversity for members and increase collaborations with local art makers. In the case of Surfhuis, the commitment to scaling social impact is especially driven by the founder, who is an expert in the crafts but also carries out every responsibility. In the case of Consciouskitchen, the commitment of perusing the process of scaling social impact is driven by motivated volunteers. In all the cases, the employees and the community participate and believe in the core idea of the social enterprises, where they want to be part of the social change.

One can argue that We Are Public is the only social enterprise of the studied cases that has professionally managed the scaling process; otherwise it would probably not have been as successful as it is. This is due to the fact that We Are Public is a team of 30 people and has an organisational structure that outlines the employee’s activities, roles and responsibilities. Surfhuis and Consciouskitchen have a small group of team members, which makes it more difficult to separate responsibilities among employees. As previously mentioned, McKinsey’s argued that a challenge encountered by social enterprises is the difficulty to grow from the start-up phase to the next phase due to a lack of management expertise. Indeed, it is hard to attract operational and financial experts into the development of starting social enterprises. This is best illustrated in the case of Surfhuis, where relinquishing control and let other people take responsibilities is one of the main challenges for successful scaling since the employees have to be highly skilled or receive crafts training of building surfboards. Moreover, attracting people with those skills takes time and many enterprises find it difficult to attract experienced people for management positions since the salary would be less interesting than in commercial enterprises (McKinsey, 2016). It could be argued that Surfhuis and Consciouskitchen are still in a start-up phase because they lack of organisational and working structure.

6.2 Entire or Partial Replicability of the Operational Model

As identified by Weber et al., successful scaling is also depending on the feasibility of the social enterprise’s operational model. The complexity of the operational model should be decreased by identifying the core business in order to facilitate the replication process (Weber, Kröger & Lambrich, 2012). In the case of We Are Public, the operational model has been determined to be feasible. The social enterprise’s core element is to generate income for the local art makers by providing art mobility for users and art makers in the Netherlands. They have achieved to replicate their operational model to different cities in the Netherlands. Their business model has reached bigger audience and attracted support organisations. This is a clear aspect that determines the successful scaling on this social enterprise. In the case of Surfhuis, the operational model is very complex, which complicates the replication process. The core elements of their business model are the production of surfboards,
services, retails and crafts trainings with the aim to promote local and sustainable production and services. As Surfhuis has parallel businesses, which target different audiences and generate income, it is hard to replicate its operational model. Thus, these challenges result in a slower scaling for Surfhuis. In the case of Consciouskitchen, the operational model is feasible and the core factors of the operational model are identified. The core mission is to improve community integrity while educating about food waste. However, the main challenge is the structure of the whole social enterprise due to a missing organisational and working structure, which complicates the replication process. Nevertheless, Consciouskitchen has achieved to replicate the operational model in Leiden, which shows its efforts of scaling. Although one can argue that We Are Public has achieved to replicate its operational model most successfully due to the ability to obtain necessary resources, Consciouskitchen has as well attained the replication process by the commitment of volunteers.

6.3. Ability to Meet Social Demands
The Scalability Framework describes as another key factor the ability to meet social demands, which explains the capacity of maximising the social impact. The results show that the primary key factor for We Are Public is the trust and access to the target group and the credibility for the whole incentive in order to maximise the social impact. Throughout the effective communicative via media, We Are Public has the capacity to reach out wider audiences and art makers. The latter may demonstrate that an opportunity exists for other social enterprises to expand their audience with an effective communication. The challenges faced by Surfhuis and Consciouskitchen to maximise the social impact relies on the fact that these social enterprises have operational and organisational complication and have economic limits, which hinders them to meet social demands. Apart from that, the study of McKinsey proves that measuring social impact would motivate the social enterprise to show their performance and thus attract funding and support (McKinsey, 2016).

6.4. Ability to Obtain Necessary Resources
The absolute leading key factor, main challenge and reason why many social enterprises fail to scale up is the failure of obtaining a long-term sustainable financial model, which is essential in determining and enabling scaling. This is connected to the ability to obtain necessary resources described in the Scalability Framework. As previously mentioned in the studied cases, the financial capital of social enterprises comes from earned income efforts, donations, funding, grants, sponsorship, membership fees, investments, and other sources. As the McKinsey’s research points out, the access to funding after the start-up phase is especially difficult (McKinsey, 2011 and 2016). One can argue that all cases have more or less developed earning strategies. For instance, Surfhuis generates its own income efforts from products and services; Consciouskitchen receives private donations from its community and funding; and the financial capital of We Are Public comes from membership fees and funding.
Secondary data shows that, being dependent on only one revenue source potentially causes vulnerability for the social enterprise. Moreover, sources for earning generation usually want an economic clarity of the social enterprise. As the studied cases of We Are Public and Consciouskitchen prove, it is common to be dependent on funding for the social sector, but that is challenging for long-term financial sustainability. For that reason, these studied cases also demonstrate an implementation of a business-like approach, where building revenue is as central as the enterprise’s social mission.

6.5. Potential Effectiveness of Scaling Social Impact with Others

Partners are also described as a significant key factor for effective scaling of social impact according to Weber et al. (2012). All cases describe their partners as extremely important for the scaling process because they have the capability to support their social impact. In the case of We Are Public, strong partners are the municipality of The Hague and Ministry for culture, science and education. Without the support and recognition of the governmental institutions, the social enterprise could have possible failed to have the necessary resources to replicate and scale the social impact. In the case of Surfhuis, the social enterprise generates own financial efforts to scale their social impact with its local partners and its network, which improves its visibility and credibility. Similarly, Consciouskitchen has a network of local organisations to promote mutually sustainable or community oriented initiatives rather than a governmental partner. However, it is important to note that Consciouskitchen has recently achieved to receive support from the municipality of The Hague to maximise the social impact since 2018.

6.6. Adaptability

All the social enterprises studied have shown that they own the ability to effectively scale social impact. However, the studied cases have scaled their social impact in different ways. We are Public has adopted a simple operational model based on memberships that enables the enterprise to reach out wider geographies and target groups. Consciouskitchen also has a simple operational model, with minimised risk factors to fail that enables the social enterprise to reach new target groups and geographies. Surfhuis embraces many parallel business models that enables the enterprise to reach new products and services. Nevertheless, this strategy does not enable Surfhuis to adopt an operational model that hinders effective scaling of the social impact. A reason why many social enterprises fail to scale up could be due to trend of engaging and developing many projects instead of concentrating on one idea. If there are too many focuses, it might be hard to be able to scale social impact. Social enterprises may need a deeper understanding of the social problem the social enterprise aims to solve in order to effectively scale social impact.
7. Analysis: Social enterprises top-down policies or bottom-up initiatives

The previous analysis section demonstrates that in order to reach a successful scaling, many internal and external factors play an important role. Comparing the cases with the scalability framework shows that the selected social enterprises face three similar challenges. The first challenge identified is the obstacle of obtaining a sustainable financial model, the second challenge indicates the obstacle of creating an organisational structure and the third challenge is the major obstacle of finding necessary resources. This first analysis helps to respond to the second part of the research question that aims to examine how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives.

On the one hand, the research shows that policymakers on the European level have expressed the efforts to support social enterprises, since they have incorporated action plans, policies and support mechanisms for the social enterprise sector. Although the Dutch national government has lacked of
sufficient attention to social entrepreneurship in 2012, the current landscape to improve the ecosystem of social enterprises has also increased on the national and local level (PWC, 2018). Identifying the challenges in the previous chapter has demonstrated that national and local governments have an important role to play in reducing the obstacles for successful scaling of social enterprises, for example in terms of increasing acknowledgement and recognition as well as providing necessary resources. Primary data has proven that We Are Public has especially succeeded due to the funding support from the public and private sector.

One can argue that the EU policy initiative of conducting country-specific studies of social enterprise around Europe has allowed studying and understanding the different challenges of social enterprises. For that reason, the visibility and recognition of social enterprises have improved since the implementation of the action plan Social Business Initiative (SBI) in 2011. One can also argue that the access to financial support for social enterprises is due to the implementation of the EU policy regulation No 346/2013 in facilitating the involvement and support from the traditional business community (Regulation No 346/2013, EuSEF, EC). The fact that the support from the Dutch national government and the local municipality of The Hague have accelerated their actions towards improving the ecosystem of social enterprises and enhancing collaboration can be deducted from the fact that the EU has formulated a guide for public authorities to help governments to promote and finance social enterprises (Guide to social innovation, EC, 2013). The research shows that the different EU funding programs, as for example Creative Europe, Horizon2020, and European Investment Fund, were established in order for social enterprises to access necessary resources.

On the other hand, an emphasis on the benefits of social enterprises can be substracted from the research. Secondary data shows that the intermediate organisations are support structures that lobby European institutions, and national and local governments by giving policy advices, providing the necessary linkage between cross-sectorial actors, and facilitating exchange, training and funding. These actors reflect rather a bottom-up approach since they influence policymakers to implement regulations and directives that are favourable for social enterprises at a lower scale, acting as coordinators and advocates for this sector.

Moreover, the empirical research shows that the three selected social enterprises aim to ensure the involvement of their initiative by beneficiary groups and the community itself. This characteristic emphasises a system of collaboration or co-production, in which knowledge and resources do not only resides with an external agency (state or private investment) providing support for social enterprises, but in which it is also recognised that local people bring their own knowledge and resources to the social enterprise activity. The system of collaboration may be more effective when seen as
participative, giving the opportunity to beneficiaries to be part of the development process and the social enterprise embodying a bottom-up model. Furthermore, online tools such as social media enable social enterprises to attract all range of stakeholders without the need of marketing budgets. Although only one of the selected social enterprises points out that the media is a key factor for their successful scaling, social media in general has accelerated the visibility of social enterprises, the access to new audiences, participants and/or other interest groups.

Lastly, the diminishing trust of society in private and public institutions and the fact that society has become more critical of the established way of doing business have accelerated the development of the social enterprise sector. Social enterprises have proven that financial profit can be generated through social responsibility. In recent years, it is becoming normal to earn money by doing good, just as it has become the norm for the traditional business community to be more socially aware than it previously was.

8. Conclusion

The aim of the research was to identify, explore and provide an understanding of the main scaling challenges for social enterprises at the local level and to answer the research questions:

*What are the scaling challenges of social enterprises in The Hague? And how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives.*

The research was limited in investigating the challenges at the local level, providing a microanalysis of three different types of social enterprises in The Hague. Comparing the cases with The Scalability Framework helped to identify the challenges of the social enterprises at the local level in The Hague. The hybrid nature of these social enterprises, with a balance of both social aims and financial objectives, presents a range of internal and external challenges. The analysis presents two key internal challenges, which are the obstacle of obtaining a sustainable financial model and the obstacle of creating an organisational structure. Furthermore, the external challenge identified in the analysis is the obstacle of finding necessary financial resources.
The analysis shows, on the one hand, that since 2011 the European Union has endeavored to identify the challenges of social enterprises in Europe and has accordingly implemented various policy initiatives and institutional support mechanisms. In particular, the EU has helped to improve the recognition and visibility for social enterprises throughout Europe, also in the Dutch national context. However, the European Union is not in a position to implement specific guidelines for national governments in order to address the challenges identified at the local level. For this reason, the challenges faced by social enterprises at local level in The Hague are only marginally improved by measures taken by the European Union and Dutch national government. On the other hand, the analysis shows that intermediate organisations have achieved through lobbying local authorities and national governments to improve the challenges on the local level. The cross-sectorial nature of these intermediate organisations has achieved to facilitate especially the financial support opportunities for social enterprises. Their large network, including policymakers, private investors and civil society, improves the exchange of funding, subsidies and investments from local governments to private companies.

In this respect, the research corroborates that bottom-up mobilisation has been one of the most important factors in the start-up phase and in the growth of the various forms of social enterprise. Primary data proves that conscious entrepreneurs and/or communities that take a social role in a certain locality initiate the creation of social enterprises. Considering the collective and participatory dimension of social enterprises, one can argue that, regardless of the types of problems addressed, social enterprises have been created by groups of citizens including social workers wholly or partly dissatisfied with the services provided by the public welfare system and private sector. These groups have managed to create new initiatives without significant help from the public sector or other actors in the early stages. This shows that many social enterprises have been created bottom-up through the mobilisation and self-organisation of citizens' groups. These people have voluntarily decided to take charge of key problems affecting local communities. Social enterprises favour the development of more informal and horizontal models of governance in which trust and personal interaction play a fundamental role. The creation of intermediate organisations strengthens the development of horizontal governance, since their networks are formed of cross-sectorial groups.

For that reason, the conclusion of the research shows that the social enterprise sector on the local level in The Hague is the result of a movement that has arisen from the bottom up rather than being steered by government policy or agendas. The fact that the selected social enterprises have not been initiated by government control or subsidies means they have an enterprising character right from their inception. The point of departure for social enterprises is their business model, which they use to
ensure their independency. However, the potential flip side of this is that it often takes these businesses longer to grow, and a sizeable proportion of them remain small-scale.

Nevertheless, the thesis concludes that the ecosystem for social enterprise on the local level is improved by efforts that arise from the intermediate organisation at the local level but also to certain extent by European institutions at a supranational level. Thus, a bottom-up approach and a top-down approach are both necessary to mobilise parties, such as national governments, local authorities and private investors, to take action as they can act as accelerator for successful scaling for social enterprises by improving legislation, visibility and financial support.

8.1. Future Research recommendations

Limitations of this thesis lays on the fact that the results are based on the local level, which are complicated to generalise to other contexts. Although the studies of the EU about the ecosystem of social enterprises around Europe show similarities on the characteristic and challenges of social enterprises, the results of this thesis could probably be generalised to other context in the Netherlands, but not to contexts outside the Netherlands. The responses from the participants might be subjective but to avoid this as much as possible, the responses are supported by in-depth desk research.

This research shows the possibility to consider that social enterprises are a collective achievement from society at the local level. Although social enterprises are private sector entities, social enterprises fulfil functions traditionally ascribed to public authorities with the goal of producing goods or services to the advantage of the local community (a common good) or of a group of citizens. Thus, social enterprises help to overcome problems generated by monopolistic and the insufficient actions of states.

From this research a recommendation can be derived. Future research would benefit from gathering more data on the role of intermediate organisation, which could provide more relevant information on how they could influence national and regional governments to solve the challenges identified. Improving the ecosystem of social enterprises could be fostered by a system of cooperation, in which the implementation of national and local strategies to empower social enterprises and minimise their challenges, with the involvement of successful social entrepreneurs and national and local intermediary organizations such as Social Enterprise NL and Impact City. This would simplify implementing a successful strategy for social enterprises on the local level. For that, the public sector should take a bottom-up approach and seek cooperation with actors in the field. The research shows that intermediary organisations provide policy advice to the social enterprise sector. However, the
social enterprise sector would benefit if intermediary organisations are part of the process of implementing policies and financial support mechanisms, not just social enterprise lobbyists.

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10. Appendices

10.1. Student Ethic Form
Student Ethics Form
European Studies
Student Ethics Form

Your name: Mireia Kliege Ferrer
Supervisor: A.J van den Bergh

Instructions/checklist
Before completing this form you should read the APA Ethics Code
(http://www.apa.org/ethics/code/index.aspx). If you are planning research with human subjects
you should also look at the sample consent form available in the Final Project and Dissertation
Guide.

a. [x] Read section 3 that your supervisor will have to sign. Make sure that you cover all these
issues in section 1.
b. [x] Complete sections 1 and, if you are using human subjects, section 2, of this form, and
sign 4.
c. [x] Ask your project supervisor to read these sections (and the draft consent form if you have
one) and sign the form.
d. [x] Append this signed form as an appendix to your dissertation.

Section 1. Project Outline (to be completed by student)

(i) Title of Project: Culturally inclined Social Enterprise: A Synergy of Success for
Community Participation

(ii) Aims of project: Analyse how Entrepreneurship could improve participation in civil
society by giving central role to Social Entrepreneurship

(iii) Will you involve other people in your project – e.g. via formal or informal interviews,
group discussions, questionnaires, internet surveys etc. (Note: if you are using data
that has already been collected by another researcher – e.g. recordings or
transcripts of conversations given to you by your supervisor, you should answer
’NO’ to this question.)

YES

Section 2 Complete this section only if you answered YES to question (iii) above.

(i) What will the participants have to do? (v. brief outline of procedure):

Participants will be invited for an interview to answer specific questions related to
their enterprise. Participants will be entrepreneurs and social enterprises in order to
provide primary data for the result section of the manifestation of social enterprises
on the local level.
(ii) What sort of people will the participants be and how will they be recruited?
Participants will be freelancers, entrepreneurs and volunteers, that are creating culturally inclined social enterprises. They will be reached by phone or email and be invited for an interview.

(iii) What sort stimuli or materials will your participants be exposed to, tick the appropriate boxes and then state what they are in the space below?

Questionnaires[ ]; Pictures[ ]; Sounds [x]; Words[x]; Other[ ].

Personalized questions will be addressed to the participants (interview of 10-15 questions will be conducted)

(iv) Consent: Informed consent must be obtained for all participants before they take part in your project. Either verbally or by means of an informed consent form you should state what participants will be doing, drawing attention to anything they could conceivably object to subsequently. You should also state how they can withdraw from the study at any time and the measures you are taking to ensure the confidentiality of data. A standard informed consent form is available in the Dissertation Manual.

(vi) What procedures will you follow in order to guarantee the confidentiality of participants’ data? Personal data (name, addresses etc.) should not be stored in such a way that they can be associated with the participant’s data.

Student’s signature: ___________________________ date: 7/01/2019

Supervisor’s signature (if satisfied with the proposed procedures): __________ date: __________

7/11/2019
10.2. Transcript with Tim Terpstra (We Are Public)

Interviewee: Tim Terpstra, Freelancer, Chief curator and Project leader of Den Haag
Date of interview: 18th December 2018

1) How would you describe We Are Public?
We Are Public is a NGO platform, that offers cultural program in every artistic discipline. The cultural program is organised through a personal selection of the We Are Public group. The platform is an example for mobilising new models of organisations. In The Hague, We Are Public has around 60 partners, but also works with collectives and festivals.

2) What does We Are Public mean to you?
The company exist since 4 to 5 years. In 2016, We Are Public started the selection of cultural events in The Hague. The Hague was the second city to offer this platform. On one hand, the platform is a new model, because it offers their members a personal selection of cultural happenings in specific city. Most often, other cultural organisations emphasise on one discipline. On the other hand, the financial model is also new since the income of the memberships goes to the makers of the event.

3) What was the motivation behind establishing this enterprise?
On one hand, the budgets of art and culture were high. On the other hand, the lack of organisation in the cultural domain was problematic. Moreover, the domain of arts and culture experienced a decrease in young audience and solely communicated to traditional audiences. The motivation of We Are Public was mainly to create new audience and appeal to the young audience as well. The motivation of the founders was to give a personal selection to their audience and increase the communication in the cities about cultural happenings.

4) How big is the team and how is it structured?
The Headquarter is in Amsterdam, with overall 30 people working as freelancers or part-time employees. The Headquarter in Amsterdam is concerned with the communication strategies, from flayers to social media. The cities of The Hague, Leiden and Delft form one cultural program. Tim Terpstra is the project leader of these cities, working with 3 other freelancers. Nowadays, We Are Public is active in 12 cities in the Netherlands.

5) Does We Are Public have a specific target group?
We Are Public is not referring to a specific age group. Their target groups are a new audience that are „Cultuuroptimisten“, meaning people that are culturally optimistic and open to more disciplines. The biggest age-group is from 30 to 40 years old, the second biggest age-group is 20-30, and the third biggest is 40 to 50 years old. However, he says that the youngest member is 8 years old and the oldest 92 years old. By giving an example, he says that some members
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are not really attending the selected program, but are supporting arts and culture through their membership, because they are cultural optimist.

6) **How do you think social and cultural enterprises foster participation and active citizenship?**

There is a potential of the context. The makers are looking at culture in a different perspective, which involves collectively the community of members. An example is the project „samen uit“, together out, which launched its 2nd edition at the beginning of December 2018. Culture optimists meet status holders. Together out is a place where status holders with an interest in culture meet *We Are Public* members with the same passion. With a great meal together with Taste of Syria, a pop-up start-up run by fantastic chefs who love Syrian food with a broader audience want to share. The *We Are Public* members pay the meal of their table companion. After dinner you go to the show together, afterwards you share experiences and meet the makers. Together out is an initiative of Zuiderstrandtheater, De Haagse Huiskamer and *We Are Public*. Together they will organise meetings in the coming period about culture. The first tone was launched September 2018. More info:**

https://www.wearepublic.nl/event/samen-uit-under-the-horizon/

7) **When an event is finished, do the members interact or do they go different ways?**

More the latter. However, the team also creates conversations between the makers and the members, or guided tours or give certain context of the work of art. Only in these types of events, is when members engage and there is interaction. Nevertheless, members of *We Are Public* use other channels to interact. There are self-organised groups on social media (WhatsApp groups, and Meet-up groups) interested in finding out who is attending a specific event.

8) **Do you get support from any national, local or independent funding?**

By founding the platform, national and public funds supported us. When *We Are Public* starts in new cities, private funds are supportive (Banks, Fund1818, subsidies for cultural activities). The membership is an income generation for the makers. Also creative Europe is a program for subsidising initiatives and innovative enterprises.

9) **Would you categorise *We Are Public* in the private, public or third sector?**

It is a NGO platform that generates money with Membership but needs subsidies and funds.

10) **Is *We Are Public* involved in other initiatives in the Netherlands, meaning involved in a group for policy-making level?**

Yes, *We Are Public* has contact with the Municipality of The Hague, who was interested to increase cultural entrepreneurship, also the Ministry of culture, education and science is in conversation with *We Are Public*, due to this innovative concept, that enables mobility, cultural knowledge development and data of the function if the membership. However, the data is not used except by *We Are Public*. 

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11) *What are your future goals?*
First of all, the goal is to expand in many other cities in the Netherlands and grow on the national level to enable mobility of cultural interested citizens. However, there is an emerging interest from abroad, such as from UK and Belgium, but also New York about the implementation and function of such model and membership of cultural organisation.

12) *What do you think about ConsciousKitchen and Surfhuis?*
ConsciousKitchen is organised by many members- self organised. *Surfhuis* is more a business, but it shows a new model of sustainability in the surfboard building – artesian)
Challenges of social enterprises

Interviewee: Julian van Vliet, founder of Dingdoctor (service) and Surfhus (retail shop), developer of BoardBoxx Machine and JY Surfboards

Date: 23rd December 2018

1) What is Surfhus

Surfhuis is a physical retail space located in Scheveningen, which is mainly selling locally produced surfboards. It also offers the surfing community of like-minded people to also build their own surfboards. Apart from that, it is a meeting place for people that are surfing in Scheveningen.

2) What was the motivation behind starting your dedication?

From the period of 1990s, surfboards were mainly off-shore produced. All surfboards in Holland were imported, mostly from Asia. The biggest surfboard companies moved to Asian countries for economic manufacturing chains, leading to lower prices of surfboards. The quality of surfboards decreased drastically and the demand to repair surfboards increased. This caused the foundation of the service “DingDoctor” in 2006, to repair surfboards of the local community of The Hague and around the region. Since 4 years, the service “Dingdoctor” is offered at the Surfhus, which is still part of the basis of the Surfhus.

3) When did you start to produce your own surfboards?

Already at the beginning of establishing DingDoctor, I experimented with building own surfboards and shapes. In 2010, together with the community of surfers we developed a CNC machine “BoardBoxx” to optimise the production process and try to compete locally with the imported goods. It was a DIY-shaping machine that we developed.

4) Was there demand for custom made surfboards when you developed the machine?

Not really. However, the market got bigger and more people wanted to surf. Surfing was getting more and more popular but also commercialised. Nowadays, you can observe that many multinational companies (such as the automobile industry, tourism companies, etc) are advertising with surfboards or with the lifestyle of a surfer. This has caused a decrease in producing custom-made surfboards. Important, however, is that the artisans, which are the board-builders were devaluated, and so the culture and the essence of surfing and its community was lost. The craftsmanship was loosing its role.

5) You have already done many interviews and talks about creating more sustainable surfboards. Could you explain what makes your surfboard sustainable and what you consider as sustainable?

At the moment the majority of surfboards being sold in the Netherlands are imported from overseas and sold with a good margin by retail shop owners.

My view on sustainability of the surfboards we produce, starts with a quality build product made to last and possibly recycle, instead to just trow away after use.
We are using self-built CNC technology (boardboxx.com) and the greenest and most recyclable materials on the market to build surfboards for a local community in Scheveningen. Doing all this for a competing price adds to the whole picture of what I call sustainable.

6) How many surfboards are you building per year in the factory?

All together we produce around 100-120 surfboards. We work together with international and community DIY board builders, who produce their own label surfboards using our facilities and service.

7) What advantages do you see of working together with the community and the network of surfers in Holland and around the world?

The network of surfers is in the Netherlands is very small but growing rapidly over the last 5 years. It is a young community that needs allot of education on quality surfboards out there. The advantages working together with international board builders is that there is a craftsmanship knowledge transfer taking place every time we meet internationally the interest and care for quality made local surfboards is much greater. the reason being that surfing had been around for a longer period eg. USA, France.

8) Is there easy access to gain more knowledge of building surfboards

Although nowadays there is allot to see on how to build surfboards on the internet. the actually craft of doing the best job is gained by experience.

9) Do you receive any private or public support?

I have received a Public fund from the local government (Impactcity) pushing knowledge transfer among student from the TU DELFT. We used this money to partially fund our self-built CNC machine which still operates at the moment and is the heart of our production side of the business.

10) Is the surfing community in Holland (and worldwide) taking action for common issues in the field or even action on global issues?

Because surfers spend time in nature fulfilling their passion, I assume they do and their community is more aware compared to the general public. Surfer lead institutions often organise beach cleanups, and other projects. Although little action can be taken against global issues, there is an ever growing awareness among the community where everyone tries to be at their best for others and the planet.

11) What do you want to achieve in the future?

In the future I want to grow the awareness among the local community. Increase the numbers of surfboards we produce and include local workers to help out in the business.
10.4. Transcript with Anu (Conscious Kitchen)

*Interviewee: Anu (part of the organisers of Conscious Kitchen)*

*Date of Interview: 5th December 2018*

1) What was the motivation behind starting this organisation? The motivation behind the organisation was to reduce food waste and repurpose it into useful. It started to evolve into
Challenges of social enterprises

Mireia Kliege Ferrer

bringing like-minded people together and increasing social cohesion. We now consider community to be as important as sustainability.

2) **Is conscious kitchen offering other events during the dinner? And why is it offering these examples?** By offering do you mean promoting? If so then yes and no. We don't do commercial promotions but we do promote other sustainable or community oriented initiatives where we can help each other out. Examples include: Den Haag Fossil Vrij, Beethoven Festival, Spinozahof are among some recent examples. Why? Because we believe it's important to encourage impactful initiatives in our surrounding communities which is very much online with our values.

3) **Is Conscious Kitchen receiving any support (funds, donations)?** Most of our income comes from the money people pay for the dinner. We have also recently received a small subsidy from the town hall for our efforts towards sustainability and social cohesion.

4) **Where does the money go?** Most of the money goes to basic amenities. Rent, ingredients, oils, spices, maintenance of bakfiets and some towards promotion material. We also have a team of committed volunteers without whom we couldn't keep this running. There is a volunteer compensation system in place which gives about 40-80 euro a month to the volunteers as appreciation for their efforts. It's not much but we do what we can do :)

5) **Is Conscious Kitchen involved in other organisations that tackle ecological issues or even social issues?** We do work with many organisations, whether for a short period or a bit longer. Examples, include Lekkernassuh, Spinozahof, Leiden United, IESA Shift, LUGO and so on.

6) **What are the future goals of Conscious Kitchen?** We want to increase our impact. There are many ways we can do this. We do plan to open more Consciouskitchens in the Netherlands and abroad but for that we need to formalise ourselves and set up a structure that can be transplanted in different places.

7) **Do you think Conscious Kitchen is empowering the civil society and/ or fostering participation and active citizenship?** Why? I definitely think so. Most of our volunteers come to make friends, or to make their contribution or just because they like being involved in social activities. People are definitely inspired that taking action, however small, can make an impact and what each one of us does, counts.

10.5. Informed Consent Form Tim Terpstra
1) The research question of this paper is twofold: What are the scaling challenges of social enterprises in The Hague? And how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives.

2) The research paper aims to explore the main scaling challenges for social enterprises to examine how these challenges identified can be addressed and minimized by implementing top-down policy support or bottom-up initiatives. The research is limited in investigating the scaling challenges of social enterprises solely at local level providing a micro-analysis of social enterprises in The Hague.

If you agree to take part in this study please read the following statement and sign this form.

I am 16 years of age or older.

I can confirm that I have read and understood the description and aims of this research. The researcher has answered all the questions that I had to my satisfaction.

I agree to the audio recording of my interview with the researcher.

I understand that the researcher offers me the following guarantees:

- All information will be treated in the strictest confidence. My name will not be used in the study unless I give permission for it.

- Recordings will be accessible only by the researcher. Unless otherwise agreed, anonymity will be ensured at all times. Pseudonyms will be used in the transcriptions.

- I can ask for the recording to be stopped at any time and anything to be deleted from it.

I consent to take part in the research on the basis of the guarantees outlined above.

[Signature]

18/12/2018
Informed Consent Form

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Signature:  

23/12/2018
10.7. Informed Consent Form Anu

Informed Consent Form

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06/01/2019