SURVEY ON SOCIAL ENTREPRENEURS

RESULTS FROM NETHERLANDS

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Methodological framework

The EFESEIIIS\(^1\) project aims to provide a better understanding of social entrepreneurship thorough analyzing data gathered in eleven European countries. The project has four main objectives:

I) provide advice to stakeholders regarding how to foster social entrepreneurship and social innovation;
II) draft an evolutionary theory of social entrepreneurship to explain the different evolutionary paths of social entrepreneurship in Europe and how social entrepreneurship and institutions have co-evolved during time;
III) identify the features of an enabling eco-system for social entrepreneurship; and
IV) identify the new generation of social entrepreneurs, their features, needs and constraints as well as their contribution to social innovation.

Within the EFESEIIIS project, several data collection methods have been deployed, including an online survey carried out in 2015. The questionnaire constructed aims to gain a better understanding of social enterprises, with a special focus on their needs, their entrepreneurial and social nature as well as their ability in terms of creating innovation and networking. The questionnaire was quite comprehensive, containing about 50 questions on the following nine topics/sections: (1) general questions, (2) personal experience, (3) organization’s data, (4) financing, (5) challenges, (6) innovation, (7) governance and stakeholders, (8) social capital and (9) personal data. A link to the online questionnaire was sent to the social enterprises via e-mail, together with an explanation introducing the purpose of the survey.

The survey was carried out in eleven countries, whereby this report presents the results from the Netherlands.

In the Netherlands, Alterra Wageningen UR organized the data collection. Alterra worked together with Impact Hub Amsterdam, Social Enterprise NL and the city of Amsterdam to reach social entrepreneurs. The network of 230 members of Social Enterprise NL was approached to participate in the study. Eventually, data from 31 entrepreneurs from the Netherlands was collected. This amount is in line with the number of respondents from Austria (n=36), France (n=32) and Germany (n=37). Other countries reached more participants (the most being 154 respondents in England), which resulted in 837 completed (and valid) questionnaires Europe-wide.

The dataset of 31 Dutch responses indicates that the findings are probably not representative, not only due to the small numbers but also owing to the low response rate of less than 13% (31 responses out of 230 approached enterprises). Such a low response might very well result in non-response error, whereby persons who respond substantially differ from those who do not. This situation implies that generalizing from the sample to the intended population becomes risky (Sivo. et al, 2006\(^2\)).

The Dutch data remains interesting to present as it still provides valuable insights into the issues that social entrepreneurs are facing. For comparison with the data of other countries, roughly the same report structure and graph types are used. Nevertheless, in order to pre-

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\(^1\) Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies
vent misinterpreting the Dutch data, several choices have been made in the presentation of the findings; for instance, we merely refer to the ‘Dutch respondents’ and not to ‘Dutch entrepre
erneurs in general’. Furthermore, we mention (in the figure title) the number of respondents who answered the question. Moreover, we have decided not to draft results when the response is below ten answers. For example, this means that answers to several questions are not divided by age, given that the number is too small to compare age groups. For company size, we only show more detailed graphs for the micro level and for economic in
dependence we only do this for the categories of partly independent and not independent.

Accordingly, we hope to reduce the possibility of misinterpretation, while comparing with the findings of other countries remains possible.

Regarding the presentation of results, this report does not consider the missing responses. Each graph has been elaborated counting the total respondents who answered the question, which may lead to a response of fewer than 31 persons per question. As previously mentioned, the number of respondents who answered the question is mentioned in the figure title.
1. Introduction of personal characteristics

This section presents an introductive analysis to the respondents’ personal characteristics. The majority of Dutch respondents are male (58%, n=11), with 42% females (see also figure 1). The ages of Dutch respondents does not strongly vary: about 80% are between 40-60 years (figure 2). The youngest respondent is 38 years old, while the eldest is 63 years old, with an average age of 50 years old.

Figure 1 Gender of respondents (n=19)

[Pie chart showing 56% males and 42% females]

Figure 2 Age distribution of respondents (n=14)

[Pie chart showing ages distribution: 31-40: 14%, 41-50: 36%, 51-60: 43%, >60: 7%]

Source: Own calculations from survey data.
Regarding education (figure 3, n=19), 26% of Dutch respondents attended college and 74% have a university degree: 5% have a bachelor degree and 68% received a master’s degree. This suggests that professionals of social enterprises in the Dutch sample are much better educated than the overall Dutch population.

Figure 3 Educational attainment of respondents (n=19)

![Bar chart showing educational attainment of respondents](chart)

When considering specifically the personal characteristics of founders (73% of the sample, see section 2), it appears that their demographics only slightly differ from the total Dutch sample: 63% of the founders are male (n=16 for gender), regarding age (n=12), 8% are 31-40 years, 41% are between 41 and 50 years, 33% between 51 and 60 years and 17% over 60 years of age. The distribution of founders’ educational attainment (n=16) shows that 31% have a college diploma and 69% received a master degree.

Source: Own calculations from survey data.
2. The role of skills, personal experience, gender and age in developing SE

2.1 Founders and employees

Among the Dutch respondents, 73% state to be the founder of their enterprise, whereas 23% are employees (figure 4).

Figure 4 Founder of the organization (n=30)

2.2 Entrepreneurs’ experience

Referring to all respondents, 23% had experience in founding a social enterprise prior to their current employment (figure 5). Approximately the same proportion of the Dutch respondents (27%) have previous experience in managing a social enterprise.

Source: Own calculations from survey data.
Considering only the founders of social enterprises (n=22), the minority of them have previous experience, with 32% having established a social enterprise prior to their current one and the same percentage having already had experience in managing one (figure 6). The higher percentages compared to figure 5 indicates that founders seem slightly more experienced in founding and managing social enterprises compared with non-founders in the sample.

Source: Own calculations from survey data.
2.3 Entrepreneurs’ motivations

With the purpose of understanding the mission of social enterprises, the survey asked the Dutch respondents for their motivation to work in such an organization. Almost half of the respondents (48%) wish to address social challenges (figure 7), while 13% are driven by the inadequacy of existing social services, 13% want to address a social problem that they have personally experienced and 10% are motivated to innovate particular practices.

These results show that the majority are motivated to work in a social enterprise to follow a social mission, whereas personal advantages (i.e. the creation of a personal employment opportunity) are less common.

Figure 7 Respondents’ motivations for working in a social enterprise (n=31)

Due to the low response rate for women, only the male distribution could be shown (figure 8). Addressing social challenges is a major motive for male respondents (73%). Three male respondents stressed other motivations, each of which were mentioned once.

Source: Own calculations from survey data.
Figure 8 Male respondents’ motivations for working in a social enterprise (n=11)

- To deal with the inadequacy of existing social service
- To create a personal employment opportunity
- To address social challenges
- To address a social problem I personally experienced

Source: Own calculations from survey data.
3. Trends in SE organizational forms

This section presents organizational characteristics of social enterprises, such as the year of establishment, the size of the social enterprise, its turnover, the activity sector and its sources of funding.

Regarding the year of establishment, four enterprises (13%) were founded before 2000, whereas 87% were set up in this century (figure 9). The EFESEIIS project considers social enterprises established after 2005 as “new generation social enterprises”, representing 80% of the overall Dutch sample.

Figure 9: Social enterprises per year of establishment (n=30)

Taking the number of employees (full- and part-time) as the main criterion, around two-thirds of the sample are micro companies with fewer than ten employees and 30% are small companies with ten to fifty employees. Medium companies employ 51 to 250 persons and comprise 6% of the sample, while no large companies (with more than 250 employees) are present in the sample. Due to the limited number of representatives for small and medium companies, only micro companies will be analyzed in further depth in this report.

Figure 10: Social enterprises per year of establishment (n=31)

Source: Own calculations from survey data.
Regarding the turnover from 2014, it can be said that its spread is vast: 10% estimated it at up to 6,250 Euros, while at the other extreme 7% estimated it at 4-8 million Euros (figure 11).

Most mentioned a turnover between 50,000 and 100,000 Euros (17%) and between 1 and 2 million Euros (also 17%). Nine enterprises (31%) had a 2014 turnover of at least 1 million Euros. The share of social enterprises with a turnover of more than 100,000 Euros (66%) is higher than an earlier survey among 100 social entrepreneurs, finding that more than half of the companies had a turnover of less than 80,000 Euros (McKinsey, 2011). Almost half of the social enterprises McKinsey identified were not yet break-even.

Figure 11 Social enterprises per 2014’s turnover (n=29)

![Social enterprises per 2014’s turnover](chart)

Figure 12 presents the social enterprises’ activity sector. The most commonly-mentioned sectors are wholesale and retail trade (11%), education (11%) and human health and social work activities (11%), along with the ‘other’ category (17%).

Source: Own calculations from survey data.
Regarding the organizations’ income-independence, figure 13 shows that the majority of Dutch respondents (55%) consider their organization as not being independent from grants, donations, bequests or benefactions. By contrast, 32% are partially independent and 6% totally independent from the aforementioned issues.

The large income dependency is not in line with the results of the Social Enterprise Monitor 2016, the largest survey among social entrepreneurs in the Netherlands. Indeed, the aforementioned survey showed that 60% of the 130 social entrepreneurs involved in the study were totally independent from subsidies in 2016. In 2015, this share was smaller, with 46% being totally independent. Based on this tendency, Social Enterprise NL concluded that social enterprises in the Netherlands are becoming more advanced and autonomous.

The dissimilar results might indicate that although respondents of our survey and the Social Enterprise Monitor were drawn from the same sample – namely being members of Social Enterprise NL – the respondents of the two surveys differ and only by taking the results of both surveys together can the situation for social entrepreneurs in the Netherlands be drawn.

Source: Own calculations from survey data.
Survey on Social Entrepreneurs  |  Netherlands

Figure 13 Social enterprises’ income-independence (n=31)

- Totally independent: 6%
- Partially independent: 3%
- Not independent: 32%
- Do not know: 3%
- Do not wish to answer: 55%

Source: Own calculations from survey data.
4. Access to finance

The sources of funding available to social enterprises in the Dutch sample are shown in figure 14, whereby the respondents were asked to select all that apply. In general, social enterprises seem to have broad access to sources of funding. For most of the Dutch respondents, grants from projects (85%), private investments (81%) and personal saving (77%) are available. Moreover, crowdfunding (73%), donations/fundraising (62%), bank loans (58%) and social investment (50%) are also mentioned by a majority of the respondents.

![Figure 14: Available sources of funding for social enterprises (n=26)](image)

Figure 15 shows the distribution of enterprises by their number of employees for each available source of funding. Due to a limited number of respondents for other categories, this is only shown for micro companies (fewer than ten employees). It shows that a majority of the consulted micro companies have broad access to all sources of funding aside from micro credits (45%), social investment (45%) and regulated market sources (30%).

Source: Own calculations from survey data.
Figure 16 presents financing sources used in the start-up and the current phase. It appears that personal savings seemed to be crucial in the start-up phase, whereby 65% used this financing source, followed at a distance by private investments (35%). During the start-up phase, the market entry of Dutch respondents is also facilitated by crowdfunding (15%), grants from projects (12%) and donations/fundraising (12%), whereas other sources are rarely or not mentioned. Personal savings remain crucial in the current phase, with 65% relying on this financing source. Furthermore, the various sources used in the start-up phase are now mentioned more frequently, including grants from projects (46%), private investments (35%), bank loans (27%), donations/fundraising (23%), social investments (23%) and crowdfunding (19%). Figure 16 also shows that microcredit is not used by Dutch respondents in either phase.

The finding that social enterprises finance their activities with different types of capital is in line with McKinsey (2011). Based upon their survey among 100 social entrepreneurs, McKinsey also observed that in addition to own capital, subsidies and donations are important, especially for start-ups. Moreover, in the Social Enterprise Monitor, Social Enterprise NL (2016) observed that in the start-up phase (innovation) subsidies and donations are important funding sources. These observations are not supported by our results as grants from projects and donations only seem to hold importance for a small share of respondents in the start-up phase. However, their importance seems to increase towards the current phase. The observation that bank loans become more important in the current phase (figure 16) might relate to the situation whereby loans and equity investments are more demanding forms of funding since investors require returns on their capital (Social Enterprise, 2016).

Moreover, it can be observed that disparities exist between potential (figure 14) and actually-used funds. Grants from projects are available for 85% of the respondents, but only 12% (start-up phase) and 46% (current phase) have used them. Furthermore, 46% of the Dutch respondents said that microcredits are available, while none actually utilized them. Half of the respondents (50%) stated there are special funds for social investments, while only 4% (start-up phase) and 23% (current phase) made use of them.

Source: Own calculations from survey data.
Regarding business size, almost all sources of funding are used by micro companies among the Dutch respondents, aside from microcredits (figure 17), although disparities exist between potential (figure 15) and actually-used funds. Micro companies hardly made use of crowdfunding (65% mentioned it as a potential funding source, whereas only 15% made use of it) and micro credits (45% said that it was available, none used it). Many also renounced from bank loans and private investments.

Source: Own calculations from survey data.
5. Innovation

This section explores the importance of innovation during the life cycle of an enterprise.

Figure 18 illustrates the significance of innovation in the start-up and current phase. Concerning the start-up phase, 76% of the respondents indicate that innovation occupies very high (36%) or high (40%) importance. In the current phase, the picture has somewhat changed, especially at the extremes. In the current phase, none of the respondents considered innovation as not being important. At the other extreme, a decline is also shown for respondents who consider innovation as extremely important. In the current phase, most consider innovation as very important (48%), neutral or extremely important (both 20%).

Figure 18 Importance of innovation (n=25)

Considering the income-independence status, only non-independent firms can be analyzed due to the sparse number of responses from totally independent and partially independent enterprises. Figure 19 shows that innovation is very or extremely important for almost 80% of the non-independent enterprises in the start-up phase as well as the current phase.

Source: Own calculations from survey data.
Figure 19 Importance of innovation per economic independence status (n=17)

Figure 20 presents the attitude towards innovations with reference to the size of the enterprise. Due to the limited responses for other sizes, it could only be analyzed for micro companies. Micro enterprises show more interest in innovation during their initial phase compared with their current phase. In the start-up phase, 77% of the micro enterprises said that innovation was very or extremely important, while in the current phase the share has declined to 64%. Nevertheless, innovation remains important for most Dutch respondents from micro companies.

Figure 20 Importance of innovation per social enterprises’ size (n=13 for start-up phase, n=14 for current phase)
The following analyses explore the importance of innovations introduced by the enterprise in achieving benefits/goals within three main areas: the enterprise’s competitiveness, social impact and environmental impact. This is examined by four areas of potential innovation, namely product/service, process, finance and marketing.

Figure 21 shows that improving the enterprise’s competitiveness seems to be extremely important, especially in marketing and product and services. In detail, 81% consider innovation in marketing and 60% in product and services as extremely important. In the finance area, 40% of the Dutch respondents said that innovation is extremely important, while 35% declared the same for the process area.

**Figure 21: Importance of innovation for improving SEs’ market competitiveness (n varies: n=15-20)**

In order to achieve a higher social impact, innovation in the areas of product/service, finance and marketing plays a fundamental role for about 55-65% of the enterprises in the sample (figure 22). The percentage is slightly lower for process, with 41%.

Source: Own calculations from survey data.
Finally, to achieve greater environmental impact, innovations in the four areas appeared to be very important for about 20% of the respondents (figure 23). However, a much larger share considers innovation in any of the four areas as only slightly important to achieve a greater environmental impact.

Figure 24 shows that overall 92% of the enterprises in the sample have innovated in the last three years.

Source: Own calculations from survey data.
Figure 24 Innovations in terms of product, process, finance or marketing the last three years (n=25)

Figure 25 Innovation in the last three years by non-income-independent SEs (n=17)

Figure 25 shows the importance of innovation related to the income-independence status. Due to the limited number of responses, it can only be shown for non-income-independent organizations. All but one of the respondents who represent a non-income-independent organization said that they have innovated in the last three years (Figure 25).

Source: Own calculations from survey data.
Figure 26 shows the importance of innovation related to the size of the social enterprise. It is only analyzed for micro companies, as the number of respondents in the other categories was too small. The figure shows that most companies tend to have recently innovated, whereas only one micro company in the sample claimed not to have innovated.

**Figure 26 Innovations in the last three years by micro companies (n=14)**

![Bar chart showing the percentage of micro companies that have innovated in the last three years. Most companies have innovated, whereas only one micro company claimed not to have innovated.]

Source: Own calculations from survey data.
5.1 Motivation to innovate

Among the reasons to innovate, a change in the external environment is relevant for 35% of the respondents. On the other hand, a response to a changing external environment is not a motivation for 48%.

In relation to the economic independence status, it appears that 31% of non-independent organizations innovated as a response to the external environment, while 54% did not (figure 28). The results for totally and partly independent enterprises are not shown due to the limited number of respondents.

Figure 27 Change in the external environment as motivation for innovations (n=23)

Figure 28 Change in the external environment as motivation for innovations for non-income-independent SEs (n=13)
Figure 29 shows the business size in relation to the organization’s tendency to innovate due to changes in the external environment. Micro organizations seem to feel a relatively (compared to all organizations) greater need to react to external pressures, as 42% of them innovated due to these changes.

Source: Own calculations from survey data.
6. Institutional environment

6.1. The relationships of SE with local actors

The following section examines the extent to which specific categories of stakeholders influence the decision-making process of the social enterprises in the sample and what kind of engagement practices they employ.

Figure 30 is related to the first aspect. Dutch respondents considered the owners/board of directors, the employees, and the customers and users as the three most influential groups, with 86%, 77% and 59% rated as very or extremely influential, respectively. Moreover, shareholders/investors were seen as quite influential (45% rated as very or extreme influential). The community is seen as somewhat influential by 41% of the respondents, while the largest group of respondents (41%) rated the state/public administration as only slightly influential.

Figure 30 Stakeholders’ degree of influence in the decision-making of the social enterprise (n=22)

Figure 31 relates to the stakeholder engagement practices that social enterprises in the sample employ.

Analyzing the engagement practices, the main means to involve the stakeholders into the activities of the social enterprises is through social media, followed by collecting feedback, engaging surveys and evaluation of users’ satisfaction, whereby 82% and 55% of the social enterprises’ representatives said that they use these practices, respectively. Moreover, 41%

Source: Own calculations from survey data.
offer their stakeholders the opportunity to be involved in advisory groups or attend public meetings. Furthermore, 31% of the respondents state that stakeholders are engaged through their reporting activities or via membership of the executive board. Only a few social enterprises (9%) in the sample utilize dedicated telephone lines.

Figure 31: stakeholder engagement practices that social enterprises use (n=22)
This section of the questionnaire studies entrepreneurs' social capital based on five statements concerning relationships between team members, their cooperation and the network of business relations of the enterprise, as represented in figure 32. The statement “In my team people generally trust each other” is supported (completely or quite a lot) by 95% of the respondents. 90% of respondents confirmed that they generally (completely or quite a lot) co-operate effectively in a team. Likewise, 90% of the respondents supported the statement “I generally trust people in my team” completely or quite a lot. About the same share of respondents (86%) answered that they can co-operate effectively themselves in their teams. Finally, 76% of the respondents supported the statement that their enterprise has a large network of business relations. In general, social capital appears to be evaluated as positive by the respondents.

Figure 32 Social capital: agreement with specific statements (n=21)
8. Challenges and constraints

In this section, the main challenges and constraints that social enterprises face in different stages of their organizational development (start-up/initial, current and future phase) are outlined. Dutch respondents were asked to select the three main challenges their company has faced or will face in every phase.

As can be observed from figure 33, limited public awareness is one of the main constraints (35%) in the initial phase of Dutch social enterprises in the sample. Other challenges hampering social enterprises’ development in the start-up phase are difficulties accessing capital markets (23%), competition with for-profit business (19%), difficulties building strategic partnerships (15%), bureaucracy (12%) and difficulties communicating social value to stakeholders (12%). Several shifts in challenges are noticeable in the current phase. Nonetheless, the limited public awareness of the organization (27%) remains the main constraint, now together with difficulties accessing capital markets (27%). A new challenge is the lack of favorable tax treatment, which is mentioned by 15% now compared with not being mentioned at all in the initial phase. A third financial constraint is also mentioned relatively often, namely difficulties getting funds from private sources (15%). Moreover, difficulties recruiting employees (15%), increasing bureaucracy (15%) and difficulties building strategic partnerships (15%) are mentioned by at least four respondents for the current phase. For the future, 23% of the Dutch respondents expect bureaucracy to become a major challenge. Limited public awareness of the organizations is anticipated as the second most prominent challenge for the future, as mentioned by 19% of respondents.

From figure 33 it is possible to examine different evolution trends of each specific element over the organization’s life circle. For the representatives of the Dutch organizations, difficulties attaining equity investments seem to be a minor problem during all the stages of the organization’s life cycle. Moreover, the lack of support organizations and the lack of trust in the organization are expected to remaining relatively constantly low. However, as the organization grows, problems related to increasing bureaucracy are expected to rise.

Overall, the key challenges reported by the Dutch respondents in all three phases are the limited public awareness of the organization, difficulties accessing capital markets and increasing bureaucracy.
The challenges presented above can be grouped into five categories, comprising human capital, financial resources, legal and fiscal environment, network and organizational issues and market.

Human capital includes difficulties recruiting employees and volunteers, as well as low motivation, skills and working experience of employees. Difficulties when drafting a business

Source: Own calculations from survey data.
plan were also included in this category as this problem is linked to a lack of entrepreneurial experience among the employees or founders.

**Financial resources** focuses on low pay of employees, declining profit margins from business activities, difficulties in getting funds from private sources, as well as difficulties in accessing capital markets and receiving equity investment. The judicial and fiscal context includes a lack of government funding, bureaucracy, the lack of a clear legal status, a lack of favorable tax treatment and difficulties in participating in public tenders.

**Network sources** includes a lack of support organizations, difficulties in building strategic partnerships, limited public awareness of the organization, a lack of trust in the organization and difficulties in communicating social values to stakeholders.

**Market resources** covers difficulties in finding or affording working premises and selling a product in non-private market, competition with profit and non-profit making organizations and small market size.

Figure 34 presents the current, initial and expected future challenges for social enterprises according to these categories. Establishing a network of partners and supporters is the prominent challenge for organizations in their start-up phase (69%). This remains a challenge in the current phase (50%) and is also mentioned relatively often for the future (35%). The major challenge in the current phase is financial obstacles (62%), which are expected to decline in the future (31%), as the organization ages. Furthermore, the judicial and fiscal context is an issue for 35-40% of the respondents in all three life cycle phases. Attracting and keeping skilled personnel is equally troublesome for 20% of the respondents in all phases. Comparing these categories with the key challenges presented above, it can be said that bureaucracy, a lack of government funding and difficulties attracting employees fit well into the categories of judicial and human resources.

*Figure 34 Challenges for social enterprises (n=26)*

Source: Own calculations from survey data.
The key challenges that respondents face are roughly in line with McKinsey’s (2011) finding that many social enterprises struggle to grow past the professionalizing phase and get stuck in what is sometimes called “the valley of death”. Their research showed that financial obstacles are a major hurdle, whereby almost 60% of the social enterprises in the professionalization phase indicated limited access to funds as an obstacle for growth. Related to this, developing business models with a focus on both social and profit goals is challenging and generally requires more time in comparison with developing more traditional business models. The difficulty of developing a sound business model is confirmed in McKinsey’s survey, as 46% of the respondents indicated that covering all costs is one of the main obstacles for growth. Moreover, the legislation hurdle was also identified, with more than three-quarters of the social enterprises that responded to McKinsey’s survey recognizing the need for additional support to meet challenges. Suggestions included gaining access to funding, refinement of business models, access to relevant networks and lobbying for beneficial legislation.

References