Walking the talk? An exploratory study on the contributions of municipalities to the social entrepreneurship ecosystem in the Netherlands

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Abstract

Purpose – This paper aims to investigate how municipalities contribute to the ecosystem for social entrepreneurs, focusing on the four largest municipalities in the Netherlands, also known as the G4 municipalities (Amsterdam, Rotterdam, Utrecht and The Hague). Building on the ecosystem model of Spigel (2017), the findings focus on the cultural, social and material contributions of the municipalities to the ecosystem and how these contributions are perceived by the founders of social enterprises.

Design/methodology/approach – Focusing only on G4 municipalities, 39 semi structured interviews were carried, 15 of which were conducted with civil servants from G4 municipalities and the rest with social enterprises operating in G4 municipalities.

Findings – The results indicate that the G4 municipalities mainly contribute by helping build a positive image of social entrepreneurship and by facilitating the network of social entrepreneurs. However, municipalities often fail to substantiate their commitment by way of material resources such as financial inducements, resource provision or policies.

Originality/value – In the analysis, Spigel's ecosystem model is adopted and by adopting this lens, the authors believe that the contribution of this exploratory study lies in analysing the relation of municipalities with social enterprises in a more comprehensive way. A consideration of the cultural, social and material aspects of municipality support, along with the discrepancies between these kinds of support, allows a critical analysis of the role municipalities play in social entrepreneurship in the Netherlands.

Keywords Social entrepreneurship, Municipalities, Ecosystem

Paper type Research paper

Introduction

While striving to create social impact and realize their social missions, social entrepreneurs face a wide range of challenges (Doherty *et al.*, 2014). The biggest challenges include a lack of funding (Mair and Marti, 2006), lack of human capital (Welter and Smallbone, 2006),

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problems related to professional management (Certo and Miller, 2008), lack of networking skills (Shaw and Carter, 2007) and the problem of scaling up (Freeman *et al.*, 2006). Currently, to overcome these hurdles, many social entrepreneurs opt to work together in public–private partnerships (Bruin *et al.*, 2007). There are, however, scholars who criticize this particular belief in the market, and the related use of new public management as a way for the state to deal with public service providers (Karre, 2011). Yet, the government seems to lack capabilities and willingness to become more active in tackling wicked problems that occur in the Dutch scene. In this general climate, in the Netherlands, there is a renewed interest in social enterprises in the area of public service provision.

Bozhikin *et al.* (2019) identify eighteen main actors in the social network of social entrepreneurs that are crucial for the sustainability of their enterprises. One of these actors is local government. Various scholars assert that local governments can stimulate social entrepreneurship by making financial and non-financial resources available (Korosec and Berman, 2006; Mair and Marti, 2006; Stephan *et al.*, 2015; Santos, 2012; Stephan *et al.*, 2015) similarly argue that government support is essential for social entrepreneurship. The research reveals that government policy concerning social entrepreneurship is increasingly focused on the ecosystem (Roy and Hazenberg, 2019). The ecosystem can be described as comprising the relevant characteristics of the environment in which a social enterprise operates (Bloom and Dees, 2008) and can facilitate the resources social entrepreneurs need (Roundy, 2017). The term entrepreneurial ecosystem has been discussed by various scholars (Stam, 2015; Spigel, 2017; Acs *et al.*, 2017) as well as practitioners (Feld, 2012; Isenberg, 2010; Citing Spigel, 2020; Jafarov and Szakos, 2022) argue that the main logic of the entrepreneurial ecosystem is that entrepreneurship is a team sport.

Although government policies increasingly focus on fostering the social entrepreneurship ecosystem (Roy and Hazenberg, 2019; Witkamp *et al.*, 2011), little is known about how municipalities contribute to it (Bozhikin *et al.*, 2019). In the Dutch context to date, little research has been done on the relationship between local authorities and social entrepreneurs (Hogenstijn, 2018; Hogenstijn, 2019; Karre, 2011; Muftugil-Yalcin and Mooijman, 2023). However, various scholars show that social entrepreneurs in the Netherlands characterize the relationship with the municipality as far from optimal (Hogenstijn, 2018; Social Enterprise NL Jaarverslag, 2020; Muftugil-Yalcin and Mooijman, 2023). In 2018, PwC has conducted a survey on the relationship between social enterprises and local government which revealed that enterprises experienced the municipality as a party that worked in a compartmentalized way which complicated the relationship given the hybrid character of social enterprises (PwC, 2018).

In this paper, we focus on the Dutch context and zoom in on the four largest municipalities (Amsterdam, Rotterdam, Utrecht and the Hague) to gain insight into their cultural, social and material contributions. In doing so, we adopt Spigel's ecosystem model and build on in-depth interviews conducted with both municipality officials and founders of social enterprises. In examining their interrelation, the aim of this paper is to understand how they perceive each other's role in the ecosystem. A consideration of the cultural, social and material aspects of municipality support, along with the discrepancies between these kinds of support, allows a critical analysis of the role municipalities play in social entrepreneurship in the Netherlands. It should also be noted that in the Netherlands, the government, both at the national and local levels, plays a crucial role in shaping the profile of social enterprises (Karre, 2011). A significant discussion in this context focuses on the role social enterprises can play in addressing major social problems (Brandsen *et al.*, 2016; Head and Alford, 2015; Rittel and Webber, 1973) at the local level, particularly following the 2008 financial crisis. This crisis necessitated government cutbacks in the provision of public

goods and services. Concurrently, Dutch municipalities took on responsibility for numerous public health and welfare programmes through major decentralization, prompting them to seek new, cost-effective ways to implement these programmes. This evolution sparked an interest in social enterprises within Dutch society.

In 2015, the Social and Economic Council (SER) concluded in its advisory report on social enterprises that optimizing cooperation between municipalities and social enterprises could enhance social impact. Since then, all G4 cities (Amsterdam, The Hague, Rotterdam and Utrecht) have launched plans to strengthen social entrepreneurship. Each of them has its own policy and has recently begun actively collaborating on social entrepreneurship. This is evident, for example, in their support of the Social Impact Days, an annual event highlighting local social entrepreneurship initiatives, which was first held in November 2018. Additionally, since 2017, the G40, a cooperation platform of the 40 largest cities and towns after the "big four", has been actively promoting support for social entrepreneurship among its members (Hogenstijn, 2019).

In the Netherlands, discussions about the relationship between public authorities and social enterprises primarily occur at the local level, given that municipalities in the Netherlands play a significant role in delivering public health and welfare services. Additionally, most social enterprises operate only locally. To date, approximately 40% of local governments have established specific policies for social enterprises (PwC, 2018: 10). Notably, the four largest municipalities in the country have developed action programmes or plans for social entrepreneurship, known as "Actieprogramma Sociaal Ondernemerschap" or "Actieplan Sociaal Ondernemen" (Keizer et al., 2016: 7).

These action plans aim to foster an environment where social enterprises can flourish. A key common goal among the four municipalities is the intention to more frequently engage as clients of social enterprises. Each municipality seeks to establish an effective point of contact to help social entrepreneurs navigate the municipal system more easily. The G4 cities also aim to enhance the local network of social enterprises by supporting and organizing both online and offline meeting opportunities. Additionally, the municipalities recognize the importance of developing a tool to measure impact, providing a clearer understanding of the social value added by these enterprises, a recommendation also highlighted by the SER in its 2015 advice. It is, therefore, very timely to examine internal dynamics of these relationships through the ecosystem lense.

Theoretical framework: municipalities' contributions to social entrepreneurship ecosystems

Spigel (2017) defines an ecosystem for entrepreneurship as "combinations of social, political, economic and cultural elements within a region that support the development and growth of innovative startups and encourage nascent entrepreneurs and other actors to take the risks of starting, funding, and otherwise assisting high-risk ventures" (p. 50). Based on his definition, Spigel distinguishes three distinctive attributes of ecosystems, namely, cultural, social and material. These are not isolated categories but are interrelated and reinforce each other. Although Spigel specifically devised this model for entrepreneurship ecosystems, many believe that social entrepreneurship ecosystems are also informed by these same three categories (Breznitz and Taylor, 2014). Notably, whereas Spigel considers municipalities as relevant within the category of material attributes (policy and administration), we also examine the role of municipalities broadly, including with respect to social and cultural attributes.

Below, we discuss the cultural, social and material attributes and later the institutional theory insights relevant to the relationship between social enterprises and government.

Spigel refers to cultural aspects as the prevailing beliefs and views on entrepreneurship. He specifically mentions two aspects that can influence this, namely, the attitude that actors take towards entrepreneurship and the history that is shared about social entrepreneurship. When municipalities adopt a positive attitude towards entrepreneurship (Kabbaj *et al.*, 2016) or share successful stories about social entrepreneurship from the past (Feldman *et al.*, 2005), they can contribute to a stimulating culture for social entrepreneurship. Spigel also mentions encouraging innovation and entrepreneurship as characteristic of a culture in which (social) entrepreneurship can flourish and which municipalities can stimulate. Civil servants can also express their positive attitude towards social entrepreneurship in public conversations to create legitimacy and interest in it (Rainey and Steinbauer, 1999).

The social aspects in the ecosystem primarily refer to the presence of relationships and networks, which are crucial for resource acquisition and which a municipality can facilitate (Spigel, 2017). The municipality can contribute to network formation in two ways: by acting as a resource provider (Korosec and Berman, 2006) and by sharing its own network with social entrepreneurs (Nel and McQuaid, 2002). Literature on how municipalities contribute to the network of social entrepreneurs is limited. What is available shows that municipalities can contribute to organizing networking events (Kabbaj *et al.*, 2016) to provide social entrepreneurs with the opportunity to get in touch with each other, large companies, potential investors, advisors and mentors. The municipality can also link a social entrepreneur to a resource provider, such as an investor (Korosec and Berman, 2006). A municipality can, therefore, act as a bridging organization connecting different kinds of actors, as well as a bonding organization, ensuring that a social entrepreneurship community is created through events (Bhandari and Yasunobu, 2009).

Material aspects refer to policy and governance, universities, physical infrastructure, open markets and support services within a particular region (Spigel, 2017). This research focuses on those material aspects municipalities can provide, including but not limited to policy and governance. As an example, municipalities can facilitate social entrepreneurship by making subsidized offices available or by subsidizing cooperative offices that allow social entrepreneurs to expand their network in a physical location (Totterman and Sten, 2005). Municipalities can also contribute to the local market by purchasing from social entrepreneurs themselves, which is known as social purchasing (Schotanus and Gaaikema, 2020). Since support services contribute to the ecosystem for social entrepreneurs, municipalities can contribute by offering an information counter where social entrepreneurs can go with their questions. Municipalities can also support the provision of subsidies (Biggs *et al.*, 2010). Although social enterprises typically aspire to be relatively independent from the state (Backer, 2020), subsidies can support them in the startup phase when they cannot (yet) do without financial support (Bozhikin *et al.*, 2019).

Within the scientific literature there are two perspectives on the role of government in promoting social entrepreneurship, namely, the institutional void and the institutional support perspectives (Stephan *et al.*, 2015). According to the former, social entrepreneurship increases in an environment with an inactive government (Dacin *et al.*, 2010). According to this argument, an inactive government creates a greater social need, which results in a greater demand for social entrepreneurship and a greater motivation for (prospective) social entrepreneurs (Dacin *et al.*, 2010). The opposing institutional support perspective holds that environments with active governments support and thus enhance social entrepreneurship (Stephan *et al.*, 2015). In the Netherlands, there are various support mechanisms for social entrepreneurs that are channelled through municipalities (Bosma *et al.*, 2019). A few examples are procurement options where the municipality buys products or services from social enterprises, subsidies or breeding grounds for starters to support in kind, e.g. in the

form of cheap accommodation (PwC, 2018). Yet, there is little research on how these support systems are perceived by social enterprises, and the research that is available (Hogenstijn, 2018; Muftugil-Yalcin and Mooijman, 2023) reveals tensions and a mutual discontent.

As is well known, social enterprises follow a dual mission by combining commercial as well as social welfare logics in their goals and activities (Mair and Marti, 2009). This contrasts with traditional private sector organizations with a commercial focus aimed at maximizing shareholder profit, as well as with non-profit organizations that foreground their beneficiaries and rely on grants to sustain their activities (Mair and Marti, 2009). Because these two inherently contrasting institutional logics operate under one roof within social enterprises, they are broadly characterized as hybrid organizations (Doherty *et al.*, 2014; Mongelli *et al.*, 2019; Santos *et al.*, 2015). While this hybrid organizational form allows for combining the best of both worlds (Santos *et al.*, 2015), it also brings about several tensions (Mongelli *et al.*, 2019). These tensions complicate the acquisition of external resources, in particular financial capital (Battilana and Lee, 2014). While their hybrid nature opens up possibilities to make use of both commercial investment and non-profit funding mechanisms, social enterprises also face challenges when approaching these different financiers (Mongelli *et al.*, 2019). Traditional investors often perceive social enterprises as more risky investments because management might prioritize the social mission over financial gains, whereas non-profit financiers are often uncomfortable with their commercial ambitions (Battilana and Lee, 2014).

Our research suggest that the hybrid nature of social enterprises not only affects their interactions with financiers but also with other stakeholders such as local government. In the remainder of this paper, we argue that social enterprises and municipalities are characterized by conflicting organizational logic. Organizational logic can be defined as the implicit relationship between means and ends that underlie specific actions, policies and activities (Chen and O'Mahony, 2007). Spicer explains the role of organizational logic as follows:

> [. . .] organizational logics are central to changes in other aspects of an organization because they ascribe meaning to, and provide broad limitations on, the possible actions that organizations can undertake. This means the selection of governance, strategy and work systems are allprescribed by the dominant organizational logic within a firm. (2006, p. 1468)

We will show in this paper that the hybrid organizational logic that characterizes social enterprises conflicts with the bureaucratic organizational logic of municipalities. As a result, the contributions of municipalities remain limited to the cultural and social domains, whereas material contributions – despite the good intentions of municipality representatives – fail to take shape. Where material resources are at stake, the bureaucratic structures of municipalities hamper support for social enterprises.

Methods

We carried out a qualitative study to understand the contributions of the G4 municipalities in the Netherlands to the ecosystem for social entrepreneurs. In the Netherlands, the term "G4" refers to the four largest municipalities in the country. These municipalities are, Amsterdam, Rotterdam, The Hague and Utrecht. These cities are grouped together as the G4 because they are the most populous and economically significant urban areas in the Netherlands. They collaborate on various issues such as infrastructure, housing, transportation and social policies to address common challenges and enhance their collective development (CBS, 2024).

Since G4 municipalities are the forerunners in social entrepreneurship arena in the NL it was decided to speak to an average of four–five civil servants per city. To make a selection

of the civil servants to be surveyed, it was decided to focus only on civil servants who are involved in social entrepreneurship in their work on a daily basis. To gain access to civil servants engaged in social entrepreneurship, the municipalities' websites were searched for email addresses, as such contact details act as a point of contact for social entrepreneurs as well. In addition, access was gained to several research participants via snowball sampling, which entailed asking participants whether they could put the researcher in contact with other civil servants (Bryman, 2012). Fifteen civil servants were recruited through this combination of purposive and snowball sampling (five from Amsterdam, three from Utrecht, three from Rotterdam and four from The Hague).

It was decided to select social entrepreneurs who are members of Social Enterprise NL, to guarantee that all participating social entrepreneurs fall within their definition, which describes a 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. In this definition, which is also used by the European Commission for "social enterprise" and The Social and Economic Council (SER), Social Enterprise NL qualifies enterprises as social when it is at least 50% financially independent (Social Enterprise NL, 2019). On average, ten social enterprises per city were approached, ultimately resulting in 24 respondents from four cities (ten from Amsterdam, five from Utrecht, five from Rotterdam and four from the Hague).

Semi-structured interviews were conducted to obtain both retrospective and real-time accounts of the people experiencing the phenomenon of interest (Gioia *et al.*, 2013). The interviews were mostly conducted in January and March of 2021 with additional data collected between January and May 2024. Most interviews had an average duration of 60 min. For the semi-structured interviews, a topic list was used to guide the data collection process. Two different topic lists were developed for municipality officials and social entrepreneurs. Topics that were central in the interviews included the social entrepreneurship ecosystem, the relationship with the municipality and the existence and perceptions of cultural, social and material support programmes. In addition, online information was gathered on the support that the municipalities were offering. All interviews were recorded and transcribed *verbatim*. The software programme Atlas.ti was used to analyse the qualitative data because such computer-aided qualitative data analysis makes it possible to analyse the data systematically and comprehensively (Rynes and Gephart, 2004). A fixed procedure was used to analyse the data via coding, which aims at increasing the qualitative rigor of the inductive reasoning process (Gioia *et al.*, 2013). The coding took place in three successive steps, including open coding, axial coding and selective coding. These three steps have resulted in the data being structured so that the results can be subdivided into cultural, social and material aspects. The anonymity of the research participants was ensured in this study by omitting their names and job titles.

Results

Using Spigel's (2017) model, the subsections below elaborate on the cultural, social and material support that municipalities provide to social enterprises and the emerging social entrepreneurship ecosystem. In each subsection, we consider the perspective of civil servants as well as social entrepreneurs.

Cultural aspects: imaging social entrepreneurship

A precondition for conveying a positive image of social entrepreneurship to the outside world is that civil servants themselves have a positive image of social entrepreneurship. That is why the civil servants were asked to describe the concept of social entrepreneurship

in their own words. Although the concept is interpreted in different ways, almost all respondents acknowledge that the dual mission is central:

> In my view social entrepreneurs are small entrepreneurs with new ideas to create work, with innovative creative concepts, but with a social philosophy. On the one hand, their goal is like the classic entrepreneurs who make a profit. On the other hand, added social value is very central to social entrepreneurs, keeping the municipal target group in mind, including, for example, the unemployed. (R1, Civil Servant)

The above quote shows that, according to respondent R1, social entrepreneurs do not only pursue commercial goals but are also committed to social goals and thus provide added social value to the municipality. In addition to the added value of the social mission for the city, social enterprises are seen by various officials as a precursor to innovation:

> Social enterprises are very important as forerunners in the society, especially in the field of innovation. (R8, Civil Servant)

> If you want to achieve circular objectives it means that you want innovative circular solutions. You see that there is more innovativeness among social enterprises that makes the real difference. Yes [. . .] that [the innovativeness] is often with social entrepreneurs and not always with regular enterprises. (R6, Civil Servant)

Civil servants thus recognize the added value of social entrepreneurship for the city. The interviewed officials acknowledge that social entrepreneurs can provide innovative solutions and contribute to the social impact that the G4 municipalities strive for. When civil servants have a positive image of social entrepreneurs, they can convey this image to create a positive reputation of social entrepreneurship (Rainey and Steinbauer, 1999).

Several respondents, both civil servants and social entrepreneurs, indicated that municipality officials occasionally visit social entrepreneurs. In this way, they publicly show their interest in social entrepreneurship, which can create interest and increase legitimacy for social entrepreneurship among the general public (Rainey and Steinbauer, 1999):

> We have a number of forerunners [in the city]; these Social Enterprises are doing very well. They represent a stable vanguard, who are doing very well and are in the picture for us, for the municipality. So as municipality officials [we] visit them regularly and talk to their senior managers and directors. Their relations with the municipality are now very good. What we are now taking care of is that parties [social enterprises] that are a little less known or the ones [enterprises] that really want to take a step towards becoming social enterprises by giving them more attention and the opportunity to grow. We do this by making many agreements with them. (R3, Civil Servant)

Two social entrepreneurs have indeed experienced that municipality representatives visited them to show their enthusiasm about their concept. However, as they relate in the quotes below, they dismiss these visits as empty gestures and regret the lack of support beyond such symbolic expressions:

> I spoke to the municipality officer and [a] couple of other people from municipality X who have been here in our office. So, we had the whole tribe coming over here, and everyone loved this, but that's it." (R3, Social Entrepreneur)

> Yes, a municipality officer who was at our ten-year anniversary, super enthusiastic, but nothing else. And yes, that is actually what we always notice and that is also a shame (R14, Social Entrepreneur)

Even if visits by officials can contribute to a positive image for social entrepreneurship, indirectly convincing other stakeholders of their social mission or opening up resource networks (Waldron, Fisher and Pfarrer, 2016), such visits alone do not necessarily give social entrepreneurs the impression that the G4 municipalities contribute substantially to social entrepreneurship. Numerous social entrepreneurs indicate that civil servants indeed view social entrepreneurship positively, but that they experience opposition if they need something specific from the municipality.

Another way in which municipalities publicly demonstrate to the wider public that they understand the added value of social entrepreneurship is by organizing events. The official below explains how the municipality is not only actively involved in creating legitimacy for social entrepreneurs but also attempts to connect them to potential buyers of their products and services:

> We do this by organizing Buy Social events, where we bring companies and other organizations with an interest in social purchasing in touch with social entrepreneurs. We do this together with other cities and partners in the country. It's called the ImpactDays, that's a campaign, an awareness campaign that has been copied from England.(R9, Civil Servant)

Another finding that emerged from the study is that several G4 municipalities have developed programmes to challenge (social) enterprises to come up with innovative solutions to societal problems facing the government:

> Startup in Residence, that's a program you will probably have heard of, because that is also done in other regions where we link challenges from governments to startups. This is in collaboration with the municipality, the province, and various ministries, and it is actually also a way of giving the startups access to the government and vice versa to give the government the opportunity to work with innovative startups. (R2, Civil Servant)

One research participant offered a solution to a local problem through such a programme offered by one of the municipalities and, inspired by this experience, has decided to set up a social enterprise. This respondent shows that such a programme can thus influence the emergence of social enterprises:

> 'So our starting point, the starting point has really been that request from the municipality in this case to think along with a solution. (R10, Social Entrepreneur)

In all, municipalities make efforts to increase awareness of the added social value of social entrepreneurship among potential buyers and the general public, and they organize events to bring out the innovative potential of social enterprises in the city. For instance, Amsterdam Impact, founded in 2015, is an initiative of the Department of Economic Affairs and it aims to position the city internationally as a top location for impact-driven businesses (Amsterdam Municipality, 2019). One of the respondents from the municipality of Amsterdam describes the vision of the entrepreneurship ecosystem from the municipality as follows:

> An ecosystem is actually the set of actors and that has relationships to each other in a lot of different ways. That also changes. So it's not static. That's the difference with a network as a concept, so to speak. And it also means that, for example, as a government you cannot place yourself behind one counter, that also means that you have to cooperate in a different way because that ecosystem changes, it has different forms, it comes together in different places. You have to relate to that if you want to play a good role in it (R14, Civil Servant)

As seen, there is by the side of civil servants an idea of what social enterprises actually might need in this not-so static sector and that it requires some flexibility by the side of government agents to accommodate various needs of social enterprises that struggle on day

to basis to achieve their social aims. While social entrepreneurs appreciate such efforts and mention some tangible results, they are also skeptical about the lack of more substantive support as it will be evident in the following sections.

Social aspects: networking social entrepreneurship

Social entrepreneurs often face a shortage of both financial and non-financial resources. This research shows that civil servants perceive a role for their municipalities as bridging organizations to connect social entrepreneurs to various stakeholders with the aim of promoting interorganizational cooperation. There are various ways in which this role is fulfilled. For example, the official below indicates that he is on the lookout for important partners for social entrepreneurs:

> That is also an important part of my role [. . .] that I know how to find the important partners in the city and that I can link them [social enterprises and other stakeholders] together. I see that for a lot of [social] entrepreneurs, real estate and financing constitute bottle necks (R3, Civil Servant)

Although the above official indicates that he is committed to linking the parties, municipalities can also play a more indirect role, for example, by creating legitimacy in the eyes of potential investors:

> What we have sometimes done is just write a letter of recommendation, and that sometimes helps social enterprises to get financing. It can be that simple. So not that we finance, but we see if we can support them to get financing. (R6, Civil Servant)

Another official indicated that the municipality, together with social entrepreneurs, the national government, knowledge institutions, other municipalities, intermediaries, financiers and consultancy firms, have signed a City Deal on corporate impact. This is an attempt to bring in contact all partners involved in social entrepreneurship:

> City Deal business impact is now in the making. A national City Deal with ministries, provinces, municipalities [. . .] intermediaries, so network organizations. You name it all. So, we can play that role too! (R8, Civil Servant)

Another way in which municipalities assume a connecting role is by organizing network events. These events thus have a dual purpose: they are vehicles to increase awareness and legitimacy of social entrepreneurship (as described in the previous subsection), and they offer opportunities for establishing new collaborations. Municipalities also subsidize and initiate network organizations, which allow actors who can contribute to social entrepreneurship to connect in a central place. The municipality then takes on the role of bonding organization. By setting up events and network organizations, the municipality contributes to the creation of a social entrepreneurship community. One social entrepreneur has experience with the network function of the municipality:

> Within the program they have facilitated the network well, but to eventually come to implementation, we still have some hurdles. What you see quite often is that civil servants want to participate in a fun and in an innovative idea or concept until they have to do something themselves or become responsible themselves [. . .] Then it suddenly becomes a lot more difficult to get them involved. (R10, Social Entrepreneur)

This illustrates that social entrepreneurs have positive experiences about the municipalities' connecting role within the ecosystem, but that they experience less dedication from civil servants and a bumpier relationship once the municipality is expected to take action.

In addition, some of the entrepreneurs indicate that they have already started making contact with the municipality in the startup phase of their business to see how the

municipality can support them. Establishing contact in the startup phase is often related to finding an accelerator programme, grant funding or finding a sustainable cooperation partner in the municipality. Thus, social entrepreneurs are generally aware of the function that municipality has as a signpost in the ecosystem. In this regard, Amsterdam Impact, according to the entrepreneurs, mainly takes care of putting the entrepreneurs in touch with programmes offered by the municipality or connecting them with other players in the field.

However, some entrepreneurs do question the efficiency and accessibility of the municipal organization, as the entrepreneur cannot get directions without a contact person:

> "Then I did think, look he's obviously a mega good pivot in the whole thing, but of course it's actually quite odd that you just can't find that yourself" (R1, Social Entrepreneur).

In addition, the results show that the municipality's accessibility and communication sometimes are short of the expectations of the social entrepreneurs. For example, a number of entrepreneurs have never had a response since seeking contact:

> Then we thought, can't we start working with support from the municipality in a form of subsidy, for example, or with certain guidance, or you name it. And then we actually had quite a few conversations, but nothing really came of it (R12, Social Entrepreneur).

These kinds of experiences logically result in a failure to contact the municipality again, because the expectation diminishes that the municipality can offer support and partly because of this is no longer seen as a potential stakeholder for the enterprise to expand their network. Despite, that the municipality tries to hold a pilot function in the Amsterdam ecosystem for social entrepreneurs, it is striking that the majority of social entrepreneurs experience more support in this area from network organizations such as Social Enterprise NL and Impact Hub than from the municipality of Amsterdam.

There are also some entrepreneurs from the respondent group who indicate, that the municipality provides access to a network that does not meet their needs because it is not professional enough:

> They do participate, but they can play that connecting role just a little bit more, on a just a little bit more professional level that it becomes just a little bit more interesting for us as well (R4, Social Entrepreneur).

> So yes and I do get invited to events sometimes and we were allowed to speak there, well nothing ever came of it, it was set up so clumsily. I don't feel supported by the municipality, so to speak. Then I thought, well, I don't meet any clients there, I don't see that the municipality is suddenly going to hire us as a result (R21, Social Entrepreneur).

It also emerges from the interviews and policy documents that the municipality of Amsterdam wants to play a connecting role in the ecosystem. In addition to the connecting role, Amsterdam Impact states that the municipality can also act as an initiator and play a more agenda-setting role. The initiating role also came to the fore in the COVID-19 crisis:

> Corona crisis was a reason for us to say 'gosh it's good to take an initiative with partners in that area at this stage', so we made a different choice there. We did a resilience program. [...] We also developed a master class series together with partners, which entrepreneurs can take in their own time, to work on various topics within their company. To help entrepreneurs through that in this phase of yet many challenges as a city and as a network, as much as possible (R4, Civil Servant).

The Resilience programme, developed in collaboration with Impact Hub Amsterdam offered social entrepreneurs support so that they could emerge from the COVID-19 crisis stronger through training. Most social innovators participated in this programme. The programme was

designed for entrepreneurs who had been in business for some time, and the entrepreneurs were offered various courses in the areas of entrepreneurship, impact measurement and social innovation. This collaboration shows that Economic Affairs is keen to play a hub role for social entrepreneurs. By seeking cooperation with network organizations as a municipality, it tries to provide social entrepreneurs with their needs to acquire knowledge about social entrepreneurship.

Material aspects: resourcing social entrepreneurship

Municipalities can contribute to the market for social entrepreneurs by purchasing from them. Indeed, the social entrepreneurs of this study indicate that they would like to have the municipality as a customer:

> But the most important thing remains finding work for people who have distance to [the] job market. As you know, the municipality is of course a very large purchasing party, which purchases and tenders a lot of services. If social enterprises who work with disadvantaged groups can get these tenders, both the enterprises but also the target group of those enterprises benefit. So, in my perspective, at the end, the most important thing remains finding sustainable jobs for disadvantaged groups; we want to offer that to people – job opportunities – and the municipality has quite a bit of that. (R15, Social Entrepreneur)

The quote above indicates that social purchasing by municipalities is a central concern for social entrepreneurs. After all, selling more products or services means more work, which, in turn, means that more (disadvantaged) people can acquire meaningful work. Indeed, the above social enterprise concerns a work integration social enterprise focusing on labour participation. Another entrepreneur relates to the above arguments:

> It would be nice if the municipality values social entrepreneurs and buys the things they produce. They can really contribute in that way; because then you can also hire more people to work for your social enterprise. They [the municipality] really don't have to source everything from social enterprises, but they could look at what we offer in a more detailed way. We also participated in a tender before. In the tender papers it states that social entrepreneurship is important to them [for the municipalities], but they did not opt to give the tender to a social enterprise after all. (R18, Social Entrepreneur)

While this social entrepreneur acknowledges that the municipality is a large organization and cannot source everything from social enterprises, he feels it should "look more closely" at how social procurement can be done. Another research participant similarly argues:

> When I look at how the [local and national] governments deal with tenders, they should play a pioneering role in this. There should be more of that and more should come out of it. (R11, Social Entrepreneur)

The above interviewee continued arguing that municipalities should set an example and inspire other organizations to purchase socially. Civil servants acknowledge the need for social procurement by the municipality:

> I notice that they often come to me because they would like us as the municipality to become their customers and I see that there is also a strong need there. It is sometimes complex, but there is a need according to me. (R6, Civil Servant)

The complexity that this interviewee alludes to is shared by other civil servants:

> I am looking at purchasing; how we can ensure that large tenders that are now mainly being awarded to really large parties can be wholly or partly reserved for social entrepreneurs. This is not at all easy, because it is quite a complex other way of working. You just notice everyone really wants to, but when it comes down to it, it is quite difficult to really implement that, and we really try to step in that direction together. (R3, Civil Servant)

While there is recognition of the need and the will among civil servants to purchase socially, "complexities" stand in the way of implementation. Interviewees highlighted various obstacles for social purchasing, one of which is that the capacity of social enterprises does not always match the demand of a municipality:

> Well, of course it is often more about the startups, the scale ups, sometimes they offer a very specific product. And we are of course a municipality that spends on more products. We often need quite big quantities and therefore it is very difficult to make the link between the scale that we need in a tender and the specific product on the scale that these types of companies sometimes still produce. (R6, Civil Servant)

There is thus a lack of confidence that social enterprises can handle the capacity of the municipality. In addition, as the quote below shows, there is a kind of fear of the unknown. Incumbent suppliers offer security whereas new partners inevitably bring uncertainty:

> Because we've always done it like this and because at least we know this party is stable, while such a social enterprise is a lot smaller and that may also involve risks. At some point you really have to create change of course and make sure that everyone has the confidence that those social entrepreneurs can do just as well or perhaps better than the regular parties. You just need a few pieces of evidence for that. If it can be done once and if it is done successfully, then you can indeed use it in the future. (R3, Civil Servant)

In other words, it takes effort and courage to move away from the established way of purchasing. Apart from the risk involved, there is another hurdle:

> Yes, you have to work on it [. . .] if I can't find them [social entrepreneurs] very easily then it costs me a lot of time, and I don't have time to do anything specifically on this subject. (R6, Civil Servant)

Another reason mentioned is that social entrepreneurs often cannot meet the prices that are stated in tenders:

> Well, you can't pay a fair price for coffee and then ask me to charge 20 cents per consumption for which I have to do everything. That is impossible. At the moment, it appears that people are disappointed that so few social enterprises have registered, but that is because it is simply not feasible. (R11, Social Entrepreneur)

Municipalities try to deal with the complexity of social purchasing in different ways. For example, a civil servant indicated that when small batches are purchased, they examine whether they can purchase from a social enterprise:

> There are of course also things such as gifts for colleagues or catering on a smaller scale, some things can be done on a smaller scale, we have a brochure with [name of city] social entrepreneurs where you could purchase in those cases. (R6, Civil Servant)

The interviews also revealed various schemes, for example, the social return obligation, which encourages contractors to subcontract to social entrepreneurs:

> "If we have a company that works for us, a contractor, that contractor has to meet the 'social return obligation'. They can fulfill this by, for example, purchasing their catering services from a social entrepreneur. So that is also an indirect way, but then it is not that we as the municipality purchase from that social entrepreneur, but then that that social entrepreneur has a purchase, but then from one of our contractors." (R6, Civil Servant)

In addition to social purchasing, a municipality can also provide direct subsidies to social entrepreneurs. Social entrepreneurs typically aspire to do without external financing or

subsidies because they are aware that relying solely on subsidies will not render them to be sustainable in the long future:

> My aim is always to do everything without subsidies because that also increases the chances of survival; as an organization you should not depend on only subsidies. (R11, Social Entrepreneur)

However, subsidies are often necessary in the start-up phase, sometimes next to other sources of financing. One social entrepreneur explains:

> So, we actually asked the municipality [name of city] to help us set up our enterprise through subsidies, and only after then we thought we can go and look for investors on the private market ourselves. (R10, Social Entrepreneur)

The interviews revealed various obstacles to awarding subsidies. A problem that was raised is that social enterprises often work in an integrated manner, whereas municipalities have different departments with different budgets from which subsidies can be provided. This is apparent in the quote below:

> [. . .] a municipality is so large and that it has a specific organizational form that is not in line with the organizational form of a social enterprise, which combines different aims [social and economic] integrally. You cannot separate the social enterprise in these departments. (R4, Civil Servant)

Because there is no specific budget for social entrepreneurship, subsidies must come from various budgets spread out over various departments. This can create a deadlock, as illustrated in the quote below about a social enterprise that employs people with a distance to the labour market (e.g. people with low labour qualifications, young people disengaged from education, people with mental or physical disabilities, former prisoners, former addicts, people who have difficulties finding a job due to their advanced age or refugees) to contribute to clean neighbourhoods:

> We collect garbage in the city as part of our business model under a specific program and this is also an activity that is in line with clean and safe city ideals of municipalities. So there is a big social leg, a component to what we do because we employ disadvantaged people in our services. But the municipality doesn't want to be responsible for our program. Not because they don't like it, but because in this political system municipalities are judged by their sole activities; like whether the streets are all clean and safe. The social leg, which is very much looking at the people who are employed by our services and their well-being, is thought of as a separate leg, and there necessitates separate accountability procedures for those municipality officers which they do not necessarily see as their job. And those officers need to score, but I want to show that there is also something to be scored from on a welfare point of view. (R4, Civil Servant)

Another characteristic of social enterprises is their relative independence from the government (Backer, 2020). This was also reflected in our data, which showed that G4 municipalities do not prefer a subsidy relationship with social entrepreneurs, but rather want them to be able to operate independently.

In addition to social purchasing or providing subsidies to social entrepreneurs, municipalities can also contribute by donating raw materials, such as waste to an enterprise that focuses on circularity and makes objects from recycled plastic:

> Yes, of course there are two ways in which, or even three, perhaps, in which the municipality could do more. The municipality as an organization itself of course has industrial waste that is at their own responsibility. In addition, they are involved in household waste and to a lesser extent in the industrial waste of companies in the municipality. There must be more to be gained from that. In concrete terms, we would love to market a product that we can say that is made entirely of

[name of city] plastic, for example. The fact that people from the municipality also know that it is indirectly a bit theirs [. . .] we do have some of that plastic, but we had to find out where it all goes and then have to pick it up from somewhere to be able to do something with it, that could of course also be done differently. (R16, Social Entrepreneur)

The following entrepreneur has been in contact with the municipality and expected an evolving collaboration, but it never materialized:

I had expected that it would become a more fruitful collaboration. There are some ambassadors around in the municipality, but I still don't know who I have to call to get something done. I've spoken to a number of people who say: 'yes we like to know what you do and then we will keep that in mind.' I don't know, they are not very active yet. (R24, Social Entrepreneur)

Another interviewee – who also recycles waste to make products – explained to us how he came to an impasse with the municipality:

[. . .] but then support me by supplying depreciated equipment, because that's where we earn our money. I worked there for three years, and when I walked through the corridors there were fifteen trolleys with old hardware ready to be removed every month. I say give it to me, or part of it, so that I can earn enough money to pay for that extra space that I'm going to rent. And that extra space that I'm going to rent is to help these people develop, so the people who are on welfare. I think everyone wins that way, you know, that's just a win-win situation for everyone. (R13, Social Entrepreneur)

When asked how the municipality reacted to the idea of donating waste, the interviewee answered the following: "Well, very positive, but apparently it's impossible to get a screw of hardware here." (R13, Social Entrepreneur)

Both anecdotes show that municipality officials reacted positively to the idea, but that the actual implementation never materialized. One of the entrepreneurs indicated that the municipality already has a contract with a large supplier and that this contract also states that the supplier receives the waste. The municipality is thus taking a circular step here, but with a corporate party rather than a social enterprise. The entrepreneur also indicated that the municipality tried to bring him into contact with this corporate party to obtain part of the waste, but this merely added to his frustration:

We had another conversation with officials: 'okay. then I must try to put you in touch with my colleague who will then introduce you to companies that tender.' That's great fun, but we were already at that point two months ago, even three months ago, so we're not making progress. Well, I notice that in that bureaucracy (R13, Social Entrepreneur)

Several social entrepreneurs indicate that the organizational structure of the municipality does not benefit cooperation. In their view, due to the bureaucratic mode of organizing, agreements do not get off the ground and are continuously sent from pillar to post within the municipality. A social entrepreneur was rather bitter at the municipality and asserted:

In any case it is completely unclear what the normal course of action is within the municipality and how things work. In the end I got to the right person. There I was introduced, but I actually had to tell the story again, and when I did it, that person actually said that I might do beautiful things, but that I was an entrepreneur so I wanted to make money. So I was apparently not at the right place. So then I stood in front of a closed door, which I have not been able to get through. (R7, Social Entrepreneur)

On this issue, the municipality of Amsterdam is aware of the fact that some entrepreneurs are critical of municipalities. The response of one of the respondents is as follows:

As a municipality we look at what can be done and how we can get things done and change things, but not everything is possible. Sometimes there is also a certain policy from the council

that may be contrary to it. So it might be that an entrepreneur has a solution or a product, for which we as a municipality have a different policy. Then you just have to explain that well to that entrepreneur, saying that our experience is this and this and we understand that they might not be happy about it. (R13, Civil Servant)

Discussion

In the Netherlands, there is an increasing political and media attention for social enterprises at the local level, whereby citizens themselves take responsibility to address social issues (Uitermark, 2012; Van Der Lans and De Boer, 2014; Miazzo and Kee, 2014; Schleijpen and Verheije, 2014; Karre, 2011). In the Dutch context, in the absence of action at the national level, local governments have taken the lead in supporting social entrepreneurship with targeted policies (Hogenstijn, 2019). While local authorities are seen as "pivotal actors in the development of a supportive social enterprise ecosystem"(European Commission 2015) little research has been done on the relationship between social entrepreneurs and local civil servants. The research at hand shows that in practice the relationship between the two is far from simple. Social enterprises contains elements of hybridity (Doherty *et al.*, 2014) whereas at the government side it involves different governmental roles (from regulator to potential customer) (Hogenstijn, 2019). As a result, both parties apply different organizational logics. This research aims to contribute to the literature that shows the effects of hybridity and these differing organizational logics in forming the perspective of social entrepreneurs and civil servants of each other. To do this we resorted to Spigel's (2017) eco-system model and examined the contributions of G4 municipalities to all three layers in his model, namely, cultural, social and material. Below, we revisit our findings pertaining to each of these layers, after which we discuss the implications of our findings.

With respect to the cultural layer, the civil servants interviewed acknowledge the contribution of social entrepreneurs to the city. They share a positive attitude towards social entrepreneurship and help generate legitimacy and interest (see also Nelles *et al.*, 2005). This is done by visiting social entrepreneurs, speaking at network events and launching campaigns, among other things. These efforts by officials also indirectly influence other stakeholders, showing them the added value of social entrepreneurship and fostering their engagement with social entrepreneurs (see also Waldron *et al.*, 2016). The G4 municipalities also try to stimulate citizens to purchase goods and services from social entrepreneurs by creating awareness. These findings on cultural aspects – prevailing beliefs and attitudes about social entrepreneurship (Spigel, 2017) – within the ecosystem corroborate previous research that highlights the significance of the cultural context for the extent and viability of entrepreneurial activities within a given region (Ariza-Montes *et al.*, 2015). Notably, culture is not static: actors are influenced by the prevailing culture, but they, in turn, also influence this culture through their activities (Roundy, 2017). Hence, the efforts of municipalities and social entrepreneurs synergize to create legitimacy for the social entrepreneurship phenomenon.

The social aspects of the ecosystem indicate the presence of a network in the region that can provide the social entrepreneur with resources (Spigel, 2017). This research has shown that in different ways the G4 municipalities focus on connecting social entrepreneurs to different actors, thereby contributing to their social capital. The municipality thus plays a role as a bridging organization that promotes interorganizational cooperation (Bhandari and Yasunobu, 2009). In addition, G4 municipalities set up initiatives where social entrepreneurs and resource providers can come into contact with each other, creating a community of social entrepreneurship. This community can result in sustainable partnerships based on trust, which can then result in more efficient access to resources (Onyx and Leonard, 2010).

By material attributes, Spigel (2017) refers to policies and governance, universities, physical infrastructure, open markets and support services within a particular region. Based on our data, the G4 municipalities can mainly contribute through social purchasing and providing subsidies and raw materials to social enterprises. However, these contributions fail to materialize. The results show that the organizational structure and processes of the municipalities clash with that of the social enterprises in various ways, obstructing social procurement, subsidies and the provision of circular resources. The G4 municipalities recognize this and have come up with various solutions for the social entrepreneur to circumvent the bureaucratic structures of the municipalities, but spontaneous ideas that go beyond these solutions, such as the request to supply materials for circular purposes, still prove difficult to implement.

It is our contention that these obstacles can be explained by the different organizational logics of social entrepreneurs and municipalities. Organizational logic is defined as the implicit relationship between means and ends that underlie specific actions, policies and activities (Chen and O'Mahony, 2007). Social enterprises in the Netherlands are often small (McKinsey and Company, 2016) and focused on innovation (Hogenstijn, 2018). Local governments, in contrast, are large and – certainly in the eyes of entrepreneurs – inefficient and bureaucratic organizations with layered decision-making structures and little interest in innovation (Irani and Elliman, 2008). Moreover, the typically small capacity of social enterprises in the delivery of goods and services is often at odds with the large demand of municipalities' purchasing departments. Finally, due to their hybrid nature, social enterprises often encompass multiple policy areas, such as related to labour market participation and environmental protection, while municipalities are divided into different departments with strictly prescribed responsibilities and policy domains. As a result, this creates uncertainty and ambiguity for social enterprises in their engagements with various municipality departments. Conflicting organizational logics foster tensions and barriers in the daily interactions between social entrepreneurs and municipality representatives, even when there are genuine aspirations to cooperate.

It seems that municipalities are capable of contributing to stimulating and legitimizing social entrepreneurship through initiatives such as events, visits and networking arrangements, but incapable of facilitating social entrepreneurs when it affects their established procedures, resource distribution and stakeholder networks. More candidly, it seems that municipalities can provide symbolic and largely non-committal support, but that tensions emerge when such support affects institutionalized policy structures, financial flows or other material resources within the municipality organization, ultimately resulting in the wavering of such support. Support for social entrepreneurship within the G4 municipalities primarily takes the form of dedicated projects that are separated from the daily operations, but the notion of social entrepreneurship has not yet "landed" within the municipality apparatus as a whole. The approach of municipalities to social entrepreneurship thus amounts to decoupling (Pache and Santos, 2013): they claim to support and commit to social entrepreneurship, but in fact, this support fails to become integrated into the actual operations and structures of the municipality organization. Arguably, for municipalities to engage more deeply and substantially with social entrepreneurs they will need to rethink how they can incorporate specific requests of social enterprises.

Several existing studies have suggested conflicting logics between social entrepreneurs and governments (Karré, 2019; Pache and Chowdhury, 2012) and several other studies focus specifically on the contributions of Dutch municipalities to social entrepreneurship (Hogenstijn, 2018; Social Enterprise NL and PWC, 2020), but to our knowledge this is the

first study to do so from an ecosystem perspective. In using Spigel's (2017) ecosystem framework, this study contributes by analysing the involvement of municipalities in a more comprehensive manner. As a result, this study has revealed that there is a clear disconnect between the expectations of the social entrepreneurs and the role of the municipalities in supporting the social entrepreneurship ecosystem. We believe that through acknowledging this disconnect, both parties can try to navigate between the opportunities and risks of possessing different organizational logics and act accordingly.

Especially as with regard to material aspects which is where municipalities lag behind, we would like to argue that suitable funding, support and investment schemes should be made available and accessible to social enterprises by municipalities. As in line with other European contexts, the actions aimed at boosting the eco-system should not be fragmented as this creates lack of dedicated funding. The importance and the impact of social procurement has been reiterated in the previous European Social Enterprise Monitor 2021, that aggregates data over 21 countries (Dupain *et al.*, 2022). Up to now, we see that this call of the report to provide stable sources of income for social enterprises through contracts, seems not to have been heard by Dutch policymakers.

We suggest several directions for further research that partly stem from the limitations of this paper. In our research we did not differentiate between different types of social enterprises. So a future research may zoom in on various types of social enterprises – such as those focusing on work integration of disadvantaged groups (Hogenstijn, 2018) or working towards more sustainable and equitable food systems – to examine whether these different social enterprises engage with (local) government in different ways and to expose the different types of contributions of municipalities to different types of social enterprises.

Secondly, our sample size was not extremely high for both social enterprises but also for civil servants. One reasons for this was that, since in the Dutch context there is so much societal buzz around social entrepreneurship that possible informants often reject interview requests. Having said this, this article's goal was not to draw a representative picture of all social enterprises in the Netherlands or all municipality officials, but rather to identify issues where the relationship between these two important actors of the ecosystem was clashing. A possible future study could find methods which are better suited to study the ecosystem besides interviews and surveys.

Finally, our arguments proposed in this paper draws on exploratory research on the G4 municipalities. Related to this topic, we have mentioned commonalities between the G4 municipalities in their commitment to promote social entrepreneurship, but we are well aware that there are different intervention policies of each G4 municipalities. This inevitably necessitates a more thorough examination of each municipality more in depth, to understand how these different policies might influence social enterprises and shape their mutual perceptions of each other.

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