Social and Community Enterprises
Pathways for Women’s Economic Participation
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Social and Community Enterprises Research Project

Assessing the potential of social and community enterprise as a measure to facilitate women’s economic participation and alleviate poverty.

Report written for MINCO
by Ingrid Burkett
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Executive Summary

This research report assesses the potential of social enterprise as a mechanism for creating pathways for women's economic participation and alleviation of poverty in Australia. There is a need to define social enterprise in the Australian context. In this research, a social enterprise is defined as an organisation that:

- Is led by an economic social, cultural or environmental mission consistent with a public or community benefit;
- Trades to fulfil its mission;
- Derives a substantial portion of its income from trade; and
- Reinvests the majority of its profit / surplus in the fulfilment of its mission (FACES research, Barraket et al, 2010).

Further refinements are added to this definition to assist with the assessment of whether social enterprises can create pathways for economic participation. These refinements suggest that:

- Social enterprises are part of a ‘fourth sector’ that sits alongside the traditional sectors (public, private and third/social sectors). However, social enterprises often have strong connections, relationships or partnerships with other sectors;
- There are a diversity of different types of social enterprises (including social businesses, community businesses, community enterprises and non-profit enterprises (Teasdale, 2009)), that can be distinguished by examining their primary purpose (and whether it primarily has a social or economic purpose) and decision-making structures (decisions being made more by individuals in the structure or collectively);
- Social enterprises can also be distinguished on the basis of whether they are ‘pathway’ enterprises (offering transitional employment and participation on a pathway to mainstream options) or ‘destination’ enterprises (focused on long-term engagement and/or employment of people).

Empirical evidence about whether social enterprises can create pathways for economic participation, address social exclusion or alleviate poverty is quite limited, with few studies having been undertaken either in Australia or internationally, and those studies that have been completed involving small sample sizes. The evidence that does exist, points to a more complex picture of how social enterprises create pathways for participation and inclusion, and suggests that these pathways are not always economic in nature. For example, building social networks and personal capacities is considered as important a part of the role that social enterprises play as the development of training and employment opportunities. Further, the research suggests that it is not merely engagement with a social enterprise that leads to economic and social participation, but also how a person engages (eg. their structural position in the enterprise and whether they are involved in management or decision-making).

It is clear that gender needs much greater attention in research about social enterprises and particularly in relation to assessing whether they can create pathways for economic participation. Research and evidence focussed on women, gender and social enterprise is sparse. That which has been undertaken draws heavily on particular contexts (especially social enterprise in the UK) and on analysis from studies that have focussed on enterprise and entrepreneurship more generally (ie. not on social enterprise). Some broader research highlights the need for greater gender analysis of social enterprise. This research indicates that:

- Many ‘pathway’ social enterprises (often known as Intermediate Labour Market (ILM) enterprises) are male focussed (Spear and Bidet, 2007; Leschke and Jepsen, 2009)
- Women are under represented as participants in ‘pathway’ or ILM enterprises;
- Women may be better represented in the leadership of social enterprises that are more socially oriented in their purpose and that operate under collective decision-making structures than in those that are more economically oriented (McKay et al, 2010).

The second section of the report details nine case studies of social enterprises from around Australia. These case studies highlight the diversity of social enterprises in Australia: they are between 12 months and twenty years old; they have taken on various legal structures; they centre on a wide range of industries and have a diversity of business models; they have a blended income (earned income, funding and gifts). The case studies all point to key learnings that are relevant both for other social
The third section distils the learnings from the case studies and makes links to other consultation and interview data to discern the key elements that underpin the success of social enterprises in creating pathways to participation and social inclusion. Five key elements are identified:

a. **Right People and Partners**: The people involved in social enterprises extend far beyond the “social entrepreneur” who is often seen as the initiator and driver of the enterprise, to include the ecology of people and partners needed to build and support a social enterprise over its lifetime.

b. **Right Place and Base**: The connection of a social enterprise to a place or a base in a particular community of identify or locality, is fundamentally linked to the role that these enterprises can play in creating pathways towards social inclusion, particularly for women;

c. **Right Industry-Impact Connections**: The capacity for a social enterprise to create pathways for women’s economic and social inclusion depends not only on immediate opportunities that an enterprise can open for a woman, but whether these opportunities can lead to longer-term options for broadening employment, training and networking for women. This often depends on whether a social enterprise is developed in industries where further opportunities for progressing economic participation are available, particularly for women;

d. **Right Structures**: The legal structures that a social enterprise chooses in its formation can influence what they do, their culture, their governance, their access to capital and the nature of the pathways that can be developed for participation and inclusion. In relation to the inclusion of women it is important not only to examine the legal structure of a social enterprise, but also its governance processes and where women are situated within these processes.

e. **Right Resources**: Most social enterprises have blended resource bases. These include: blended income (including earned income, government grants, donations and philanthropic grants); blended human resources, with both paid and unpaid people involved on staff and in the governance structure; and a blend of support services that include both commercially renumerated and pro bono service providers. In relation to the success of social enterprises, the most important dimensions of resourcing relate particularly to: the timing of funding in the lifecycle of a social enterprise; the role of debt capital and financing (and its availability) in building viability and sustainability; the need to clearly articulate and cover both support and production costs; and the growing role and potential of procurement and increased contractual income for developing social enterprises.

The report concludes with ten recommendations to MINCO in relation to how best to support social enterprises in developing pathways for women’s economic participation and the alleviation of poverty. These are summarised below:

1. **Promote women in social enterprise**
2. **Develop the social enterprise sector identity and voice**
3. **Support peer knowledge development and mentoring in the social enterprise sector**
4. **Advocate for and highlight the importance of place-based approaches to social enterprise development**
5. **Encourage and open opportunities for greater diversity in social enterprise industries**
6. **Develop national information systems and coordination across jurisdictions to ensure social enterprises have the best possible opportunities to choose and use appropriate legal structures**
7. **Critically examine the best uses of grant funding for social enterprise development**
8. **Actively raise awareness about the important and complementary role that finance could play in the development of social enterprise**
9. **Acknowledge that some models of social enterprise (particularly ‘pathway’ and ILM models) require continued funding for support costs and that this is a necessary part of their blended income**
10. **Make greater use of social procurement in ensuring that social enterprises are able to create pathways for women’s economic and social inclusion.**
Introduction
The purpose of this research is to assess the potential of social enterprise\(^1\) as a mechanism to facilitate women’s economic participation and alleviate poverty. Generally speaking social enterprises are organisations that have social objectives and trade to fulfil these objectives.

This research examines the context of social enterprise in Australia – outlining what social enterprise means in the Australian context; what evidence exists that they can create pathways out of poverty and exclusion; and how much attention has been paid to gender in the examination of social enterprise both here and overseas. The research outlines key elements of success in relation to social enterprise, with success relating both to the social impact that is generated by the social enterprises are and how financially sustainable they are. There are a number of reasons why a focus on women is necessary. These are summarised below, with a snapshot of women’s participation in the labour market, their involvement in small business, their poverty and social exclusion in Australia.

Labour Market:
- Australia ranks 41 in the global index of women’s workforce participation with 58 per cent of women in the workforce compared with 72 per cent of men (Summers, 2009);
- In 2004 41% of all female employees earned less than $500 a week (ABS Data quoted in Tarrant, 2007);
- “In September 2008 (the latest figure), women comprised 63 per cent of Australia’s hidden unemployed, a figure that had ranged between 63 and 66 per cent during the previous decade. However, some of the critical age groups reached an even higher proportion. For example, in the 25 to 34-year-old group, women comprised 80 per cent of the hidden unemployed and for the 35 to 44-year-old group, 77 per cent” (Richardson, 2009);
- “Women are over-represented among the underemployed, which involves working fewer hours than they consider optimal” (Richardson, 2009;p39);
- “The current gap in ordinary full time earnings between women and men is currently close to 17%. The gender pay gap is even greater when women’s part-time and casual earnings are considered, with women earning around two thirds of the amount earned by men. Further, in Australia women constitute a higher proportion of casual workers, are more likely to be working under minimum employment conditions and to be engaged in low paid occupations and industries than men” (Broderick, 2009;p10).

Small Business involvement:
- In June 2006, 32% of small business operators were female (ABS, 2006);
- Up to 50% of women-owned businesses are home-based (Walker and Still, 2003).

Poverty:
- “While the position of women (poverty rate) has improved, there are still considerably more poor women in sole parent families than there are men (Senate Standing Committee on Community Affairs, 2004;p211).

Social Exclusion:
- Women are amongst those groups found to be most prone to exclusion in Australia (using a multidimensional measurement of exclusion, and differentiating this from poverty measures) (Kostenko et al, 2009;p62).

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\(^1\) The original tender documents for this research sought to examine the role of social and community enterprises. The paper will present a position that sees social enterprise as the umbrella concept and community enterprise as a subset of this concept. Therefore, the term ‘social enterprise’ is used throughout, but will refer to a number of different entities and forms, community enterprise being one of these.
Methodology
This research was conducted over two months between May and July, 2010. Data for the research was collected in three ways:

1. **Literature Review**: focusing particularly on:
   - Australian and international research and literature concerning social enterprise as a mechanism for addressing poverty, disadvantage and unemployment;
   - Gender and social enterprise;
   - Elements of successful social enterprise development.

2. **Broad consultation** (via email and telephone) with key Australian social enterprises, intermediaries, Government departments and academics to ascertain basic data about women’s participation in community and social enterprise and understandings of the role of such enterprises in alleviating poverty;

3. **In-depth, semi-structured interviews** with 16 social enterprises, social entrepreneurs and third sector organizations to gather qualitative data focused on:
   - Key elements crucial in the establishment and sustaining of enterprises;
   - Key barriers or challenges for enterprise establishment, development and growth;
   - Key elements related to women’s participation at all levels of social and community enterprise development;
   - Potential role of government in supporting women’s participation in social and community enterprises;
   - Key elements that need to be considered in relation to community and social enterprise development with women from particular backgrounds.

Some key quotes from the interviews have been included in this paper where relevant. At times these quotes have been paraphrased from the original to assist with the sense and grammar of the contribution, however the intent and context of the quotes have been maintained.

This report draws together the data collected through all these methods. It is presented in three parts. The first part provides the context for examining social enterprise as pathways to developing social inclusion of women. The second part contains case studies of social enterprises across Australia that have been: initiated by women; exist for the benefit of women; and/or are largely managed or governed by women. The third part explores five key elements of success for social enterprises and concludes with recommendations to MINCO.

Case Studies
There are a number of case studies included in part two of this report. Though many more enterprises were contacted and interviewed for this research, these particular case studies were chosen to illustrate the range of social enterprises that have a considerable focus on women in Australia. The case studies highlight the diversity of purposes, goals and structures of social enterprises and illustrate their varied impacts in relation to addressing social inclusion of women. What emerges is not a picture of social enterprises creating clear and unidirectional pathways to inclusion. Rather, a much more multidimensional series of pathways which reflect many ways in which social enterprise has enabled and enriched the social inclusion of women in Australia. This extends beyond the provision of training and employment to include many other economic and social benefits.

The case studies that have been included are often very contextually focussed and need to be understood in relation to their connection to place and people. They each help to illustrate some of the challenges and opportunities of social enterprise. They should not be viewed as...
representing ‘perfection’ and are not presented here as ‘ideal’ types of social enterprise. However, in their contexts and for the people involved, many of them have had significant impacts in building inclusive communities, addressing social exclusion, and/or alleviating poverty. As will be illustrated in the first part of this report, social exclusion is multifaceted and is not only economic in nature – and the impacts of these different social enterprises are also multidimensional. Social enterprises not only build economic participation, but also social, political and cultural participation and inclusion.

Although a diversity of case studies is presented, there were some limitations to representing the breadth and depth of Australia social enterprises within the timeframe of the research. The enterprises that are presented are quite urban in focus. Although some regional and remote social enterprises were contacted as part of the research, these were either only just beginning to evolve from idea to action, or they did not yield enough information for completing a case study. A further investigation of more diverse regional and remote social enterprises is therefore recommended, as the interviews that were conducted particularly with intermediaries and workers in remote communities, suggested that there is a growing interest in social enterprise in many communities (this is particularly the case in Indigenous communities where the Community Development Employment Projects (CDEP) program has now been discontinued).
Part One
Setting the Scene
Background and Context
One of the key difficulties in grappling with the questions of how effective social enterprise is, and how much gender plays a role in this sector, is that there are very few empirical studies of social enterprise in Australia. Further, some of the international empirical evidence is difficult to translate directly into the Australian context because the definitions and understandings of social enterprise are so different.

This section provides a context for exploring social enterprise in Australia and presents an overview of the key concepts. It begins with an exploration of the definitions of ‘social enterprise’ and why it is important to develop a clear and common understandings in the Australian context. It then also examines how social enterprises can contribute to building social inclusion and thereby address social exclusion and poverty. A multidimensional understanding of the links between poverty and social exclusion is presented and the potential impacts of social enterprise are explored in relation to this understanding. Finally, this section examines how gender has been understood in the context of social enterprises. Gender has not received much attention in social enterprise research. The literature that has been published is explored and its implications for the current research are examined.

**Defining Social Enterprise**

In many ways ‘social enterprise’ remains a very broad, somewhat slippery and some would say, confused, term (see for example, Boschee and McClurg, 2003). Further, definitions vary internationally.

In the US, the focus has been on two dimensions (see particularly Nyssens and Defourney, 2010). The first is focussed on innovative and market responses to social issues (whereby non-profits develop ‘income generating’ responses to addressing social needs). The second focus is on the importance of ‘social enterpreneurship’, with ‘entrepreneurs’ (ie. individuals who have introduced innovative ideas into addressing social issues) being key to social change.

In Western Europe there is much greater focus on organisational form (with an emphasis on cooperatives) and particularly on limited distribution of profits and democratic governance structures (see Nyssens and Defourney, 2010). A commonly used definition in Europe was developed by the European Research Network (EMES), a variant of which is:

Social enterprises are autonomous private organizations providing goods or services with the explicit aim to benefit the community. They are limited in profit distribution and tend to involve various types of stakeholders in their governing bodies (EMES, 2009)

Thus, in Western Europe ‘social enterprise’ has come to be associated with cooperatives or associations that are “formed to provide employment or specific care services in a participatory framework” (Kerlin, 2006;p5).

In the UK a broader definition of social enterprise has predominated:

“a social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners' (DTI, 2002).

This means that most non-profit organizations (so long as they have some trading income) are included in the definition of social enterprise in the UK.

In Australia the debate around defining social enterprise has also been characterised by conflicting definitions and disagreement about the nature and form of entities included under the social enterprise umbrella. Some Australian definitions of social enterprise have been
very broad and inclusive – a common one being ‘businesses or organisations that trade for a social purpose’. Other definitions narrow the focus a little and suggest that there needs to be more nuance to notions of social purpose and trading (see Burkett, 2010). For example, Barraket et al (2010;p4) define social enterprises as organisations that:
- Are led by an economic social, cultural or environmental mission consistent with a public or community benefit;
- Trade to fulfil their mission;
- Derive a substantial portion of their income from trade; and
- Reinvest the majority of their profit / surplus in the fulfilment of their mission.

Why do definitions matter?
There are many very different organizations that are now identified as, or who identify themselves as, social enterprises. These range from very large organizations such as credit unions and community banks, down to small, community owned and run cafes, and from trading arms of charitable organisations to arts cooperatives. In order to assess whether social enterprises have the potential to provide pathways for women’s economic participation, it is necessary to develop more fine-grained definitions. Without these, it would be difficult to assess with any comparative clarity whether there are pathways for women in social enterprises, and if so, what the nature of these pathways might be (Barraket, 2008).

With this in mind then, three further definitional refinements are explored below which particularly help to clarify the topic of this report – do social enterprises offer pathways for enhancing or increasing women’s economic participation? These refinements reflect issues that emerged from the interviews and consultations, and were supported by literature.

The first refinement situates social enterprise in relation to the three traditional sectors of public, private and social or third sector organisations. Social enterprises are part of what has been termed the ‘Fourth Sector’, which encompasses “for benefit” organisations, including social enterprises, community enterprises, cooperatives, mutuals, social firms, community development finance institutions, community development corporations, disability enterprises and social businesses. The matrix below helps to distinguish social enterprises as part of the fourth sector from two other ‘enterprising’ arenas that also have claim to creating pathways for women’s economic participation. That is, third sector organisations that are using enterprising means to generate further income for their work (what could be termed ‘enterprising third sector organisations’) and micro-enterprises (private, for profit businesses initiated by an individual or household, who may have previously been excluded from mainstream employment, with the purpose of securing a stable livelihood or improving their economic condition).

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<th>Private Sector</th>
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<tr>
<td>Third Sector</td>
<td>Fourth Sector</td>
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![Figure 1: A matrix of sectors locating social enterprises in a fourth sector](image-url)
Though the impact of these two other types of enterprising entities may indeed be similar (i.e. women achieving economic inclusion through employment), the methods and mechanisms used to achieve this impact are different to those used in social enterprises.

So, for example, microenterprises, though they share an economic focus with social enterprises, are much more focussed on generating private income and wealth than common or collective wealth. The enterprising aspect of many ‘enterprising third sector organisations’, on the other hand, relates to how the organisation funds the work itself – that is, they use enterprising means to generate income that in turn contributes to better funding of services. The pathway for economic inclusion in this case may be programmatic, employment focussed service delivery, very similar in nature to many other third sector employment programs.

Enterprising third sector organisations can, however, also be great sources and developers of social enterprises. Given their connections to and interests in community development, and their social impact objectives, many community and social welfare organisations have been responsible for starting, administering, auspicing and developing social enterprises.

It is important to make a distinction between the use of enterprising mechanism for building third sector income and the use of enterprise as a vehicle for addressing poverty and exclusion. The current research focuses particularly on the latter use of enterprise – that is, developing social enterprises as a pathway for the economic inclusion of women. It is equally important, however, to understand and appreciate the importance of building interconnection and linkages between the sectors in sustaining inclusion. Indeed many of the examples and case studies referred to in this report are examples of the interconnectedness of the sectors in supporting social enterprises, and many of the interviewees spoke of the importance of partnerships across the sectors in developing and sustaining social enterprise.

This points to the reality of integration between sectors and highlights the increasing prevalence and importance of joint work or joint ventures when it comes to social enterprise development. The reality, then, suggests much more networking and interconnectedness between sectors in relation to building and supporting social enterprise (as depicted opposite). Therefore, while it is important to be able to identify the differences between the sectors, it is also important to see how they can work together in the new space of the fourth sector, through vehicles such as social enterprises.

The second refinement of definitions focuses on both purpose and structure of social enterprises. It comes from the work of both Pharoah et al (2004) and Teasdale (2009), UK researchers who have developed the frameworks with the international context of social enterprise in mind. The matrix below (figure 2) outlines how Teasdale (2009) has connected the variety of social enterprise forms that exist to two continuums.

The first is a continuum of primary purpose (from a primarily social focus to a primarily economic purpose). This distinguishes enterprises that prioritise their social purpose
(and therefore need to have a higher reliance on grant or philanthropic income to support the
pursuit of this purpose) from enterprises that seek economic sustainability, to either break-
even or achieve a surplus (which must logically curtail or even “override” the pursuit of a
social purpose) (Teasdale, 2009;p5).

The second continuum focuses on decision-making structures or governance. This
distinguishes social enterprises who are driven by collective and democratic decision-making
goals, and who see this as integral to social impact; and those who separate the social
impact from governance and operate using individualised, hierarchical decision-making in
order to achieve their social objectives (Pharoah, 2004;p8, Teasdale, 2009;p4). Teasdale
(2009;p4-5) adds particular types of social enterprise to each of the four arenas of this
matrix.

This is a helpful framework for identifying and distinguishing between different kinds of social
types of social enterprise to each of the four arenas of this

![Figure 2: Forms of Social Enterprise (Source: Teasdale, 2009 and Pharoah et al, 2004)](image)

- **Social Business**: Big Issue ([www.thebigissue.org.au](http://www.thebigissue.org.au)) (Teasdale defines this as:
  “Economically viable business with a clear social purpose” (2009;p4))
  (“Economic orientation with collective decision-making and common ownership”
  (Teasdale, 2009;p4))
- **Nonprofit Enterprise**: Uniting Care Wesley Goodwill Stores ([www.ucwesley-adelaidelibraryservices/corporate/goodwill](http://www.ucwesley-adelaidelibraryservices/corporate/goodwill))
  (“Income generation to help pursue social mission”) (Teasdale, 2009;p4)
• **Community Enterprise:** Shopfront Theatre for Young People Cooperative Ltd,  
(www.shopfront.org.au) (“Bottom-up responses to social problems, social orientation and collective decision-making involving local community” (Teasdale, 2009:p4))

It should also be remembered, however, that Teasdale (2009) has identified these different types of social enterprises as ‘ideal types’ – and, as will be seen in the case studies, many social enterprises do not neatly map onto frameworks of ideal types. Thus, while this framework is helpful in distinguishing different types of entities under what is a very broad umbrella, reality may be more complex and it is important to recognize the limitations of applying conceptual frameworks without commentary that identifies tensions and contradictions.

The third and final definitional refinement focuses on **whether the social enterprise is a pathway** (that is, a transition on the pathway towards mainstream employment) or a **destination** (that is, it represents an ongoing employment or supplementary income opportunity for participants or members) (see figure 3 below).

This is important in the current research as there are examples of both types in the case studies and each had particular impacts of creating economic opportunities for women. In addition, there were reports of different but equally important pathways towards social inclusion in relation to both these types of social enterprise.

![Figure 3: Distinguishing ‘pathway’ and ‘destination’ social enterprises](image)

The pathway social enterprises are often ‘Intermediate Labour Market’ (ILM) models that: “typically provide temporary waged employment in a genuine work environment with continuous support to assist the transition to work’ (Finn and Simmonds, 2003:p.v).

These enterprises, which are very often locality or place based, involve a:
“workplace for about 12 months with close supervision, guidance and support, and enable participants to earn a wage rather than government income support. The employment contract also includes a combination of accredited training and non-accredited generic and specialised workplace skills development. Job search assistance towards the end of the contracted position and continued support after completion are also offered” (Mestan et al, 2007).

While some ILMs are programs in third sector organisations and not operating as social enterprises, there are an increasing number of ILM social enterprises being developed across Australia. A social enterprise has particular benefits in relation to ILM models. In particular, social enterprises operate as businesses, which can be focussed on a particular
industry, making it easier to align jobs with particular training opportunities and making it easier for future employers to identify industry skills.

Third sector organisations can operate numbers of social enterprises as ILMs, covering different industries according to the needs of both target groups and the communities in which they live (for example, the Brotherhood of St Laurence operates five such enterprises, Mission Australia and Boystown also have numbers of ILM social enterprises). They are often focussed on labour intensive industries and areas where there may be skill shortages in order to facilitate the transition to mainstream employment (see Mestan et al, 2007; Finn and Simmonds, 2003).

Importantly, ILM social enterprises need to factor in the significant costs of providing training and support to participants into their overall business models. For example, the Brotherhood of St. Laurence estimates that their ILMs cost around $25,333 per participant, which includes “direct costs, such as wages, training and equipment, and attributable indirect costs, such as management and support costs” (Mestan et al, 2007;p19). If participants successfully transition into mainstream employment then the benefits will, of course, outweigh the costs, but what is important in the current context is that the costs need to be acknowledged given the strong pressure on social enterprises to consider and work towards financial sustainability. Indeed, as Westall (2002;p12) highlights:

“Many of the best-known examples of social enterprise, such as intermediate labour markets …are often not self-sufficient and have sometimes quite high degrees of grant income.”

Many social enterprises are not intermediate labour market options, and instead offer people long-term employment or engagement. These could be termed ‘destination’ social enterprises – people arrive in the enterprise and may choose to stay involved for many years either as members, directors or employees. ‘Destination’ social enterprises can also create opportunities for women’s social inclusion. As a number of the case studies illustrate such enterprises can offer women direct, long-term and stable employment, income supplementation and/or opportunities to build social networks and reduce social isolation.

Again it is not always possible for conceptual frameworks, even simple ones such as distinguishing between ‘pathway’ and ‘destination’ enterprises, to reflect the complexities and contradictions of reality. There are some social enterprises who were interviewed in this research who started off as pathway enterprises and then evolved into destination enterprises. There are also some that have adopted both types within the same structure – that is, for some workers it is a pathway to other employment, and for others, it represents a destination and an opportunity for longer term employment. Some of these differences are highlighted in the case studies.

All these frameworks offer refinements for understanding social enterprises and, most importantly in the current context, exploring their potential for creating pathways for social inclusion, particularly of women. It must also be remembered, however, that frameworks have limitations and reality can be much more complex than any framework can singlehandedly explain. This report, then, utilises the above frameworks to help guide readers through the diverse case studies. However, the limitations of the frameworks in relation to each of the case studies is explored openly and honestly. In this way it is hoped the reader will be able to compare and contrast the learnings from the case studies whilst understanding that each of the social enterprises explored has developed from within a context, and that context has, to a large extent, shaped the way the enterprise has developed.
Social Enterprise and Social Inclusion

As the current research is focussed on women and social inclusion, and in particular, assessing “the potential of social and community enterprise as a measure to facilitate women’s economic participation and alleviate poverty” (MINCO, 2010), it is necessary to establish what research links have previously been made between social enterprise and social inclusion.

The Australian government defines an inclusive society as:

“one in which all Australians feel valued and have the opportunity to participate fully in the life of our society” (www.socialinclusion.gov.au).

Two of the key aspirational principles of the Government’s commitment to social inclusion is addressing disadvantage and increasing social, civil and economic participation (see www.socialinclusion.gov.au/SIAgenda/Principles/). This implies that addressing poverty and social exclusion can lead to a more inclusive society2. Figure 4 below outlines the key elements of both these concepts.

The evidence around whether social enterprise can provide pathways for people out of poverty and social exclusion is mixed and limited in nature and scope. There is much policy and political hope associated with the potential of social enterprise, and while there are some

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2 In this report the terms ‘social exclusion’ and ‘poverty’ are linked together and used as an umbrella term to describe the key indicators of disadvantage in Australia. ‘Social inclusion’ is used to describe the desired outcome of policy and practice interventions such as generating employment through social enterprise. The assumption is that in order to build social ‘inclusion’ it is necessary to address social ‘exclusion’.

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**Figure 4: Key Elements of Poverty and Social Exclusion**

(source: Burkett and Drew, 2008;p5)
very positive evaluations of a few programs, the overall empirical research examining whether and how social enterprise promotes social inclusion is sparse. In the empirical research to date the key common finding has been that social enterprise does have some positive impacts in relation to addressing social exclusion, however, these impacts do not match the high expectations of most policy predictions. Further, the impacts that social enterprise have are not only or even primarily in relation to the economic dimensions of social exclusion, but relate to all the dimensions, including social interaction, cultural knowledge and political participation. Other key findings of the empirical research include:

- **Social enterprises can contribute to increased levels of employability** (either in the enterprise itself or in mainstream employment) (Aiken, 2007; Barraket, 2007 & 2008; Teasdale, 2009), though there is also some suggestion that increases in employment are greater amongst people who are on the margins of exclusion (Blackburn and Ram, 2006). Further, participants have reported increased levels of self-confidence and self-esteem which contribute to increased employment possibilities (Barraket, 2007);

- **Participation in social enterprises can lead to: increased skills, capacities and access to training** that is both formal and informal (Aiken, 2007; Barraket, 2008); increased capacities; and, motivation to pursue further skills and education (Hopkins, 2007);

- **Social enterprises can result in higher levels of social participation**, and the development of diverse social connections (Barraket, 2008). Social enterprises provide a context in which people can experience inclusion – not just through economic participation, but also social and political participation (Teasdale, 2009). These less tangible impacts need to be considered alongside economic impacts. Too often a very narrow perspective on economic impacts as equalling employment results in a negation of the multiple dimensions of social exclusion (Blackburn and Ram, 2006).

- **Different forms of social enterprise impact on different dimensions of exclusion** in different ways – more economically oriented enterprises are more likely to provide employment; more socially oriented enterprises can provide social interaction, address social isolation and build social capital which also addresses inclusion (Teasdale, 2009).

- Social enterprises with more collective decision-making, where **people can participate in management and decision-making processes** were more likely to lead to participants developing networks outside their usual circles – which increased opportunities for social inclusion (Teasdale, 2009; see also Cameron and Gibson, 2005).

- Social enterprise managers must **constantly balance social and economic goals** – which can cause tensions in relation to which social inclusion objectives are able to be met by any one social enterprise (Teasdale, 2009). This can mean as social enterprises are pushed to increase economic impacts and build their financial sustainability, that broader impacts on building social inclusion will reduce (Blackburn and Ram, 2006).
A Gender Lens on social enterprise

There is very little research or literature exploring gender in the context of social enterprise. As a recent research report suggests:

“Despite increased academic attention paid to the concept of social entrepreneurship, little attention has been paid to the relative prevalence of female social entrepreneurs” (McKay et al, 2010:p1).

What research does exist draws heavily on secondary analysis and assumptions based on studies that have examined gender in the context of enterprise and entrepreneurship more generally (see for example, Bruni et al, 2004).

If social enterprise is to be seen as a means to achieving greater social inclusion for women, then it is necessary to understand the sorts of roles that women could play in social enterprise and what benefits such roles have in terms of promoting inclusion. In the enterprises surveyed for this research, women played number of different roles in relation to social enterprises – these are summarised in figure 5 below.

Indeed most overseas research indicates that women tend to face similar ‘glass ceilings’ in social enterprises as in other sectors. Some research suggests that women are more likely to be managers of smaller social enterprises, while men tend to dominate in larger enterprises (McKay et al, 2010). Other research indicates that there is a “glass floor” not just a glass ceiling, so that it is more likely in social enterprises that women will occupy greater numbers of jobs related to service provision despite often having higher overall levels of education and possessing abilities for ‘better jobs’ (D’Isanto et al, 2009:p9).

Recent Australian research (Barraket, 2010) reports that there are relatively few social enterprises with a specifically ‘women’ focussed agenda (only around 10 of the 303 social enterprises surveyed identified themselves as specifically having this focus (personal communication, Barraket, 2010). However, many social enterprises identify women as one of their groups of beneficiaries and/or workers. There is relatively little literature or research about the experiences of women in social enterprises, nor on the impact of social enterprise...
in relation to poverty and social exclusion. Some research points to ILM social enterprises not engaging as well with women as with men, suggesting that many ILMs are male-focused (see for example, Spear and Bidet, 2005; Leschke and Jepsen, 2009). An evaluation of an Australian ILM social enterprise also suggested that retention rates as workers transition out of the enterprise are significantly stronger for male participants (total current retention of 66% for men compared to 25% for women – though in this research women also represented a very small proportion of the overall participants) (Barraket, 2008;p19). Other research suggests that women are better represented in the workforce and in leadership of more socially oriented social enterprises and less so in more economically oriented social enterprises (McKay et al, 2010).

It should also be noted that there is a great deal of research about women’s re-entry into the labour market, particularly following child birth, and about the barriers and impediments women face when moving off welfare payments (see for example, Butterworth, 2003; Marlow et al, 2003). This literature reveals that for women the barriers for re-entry are often complex and involve the interplay of personal, family and structural issues. Caring roles, health, mental health, domestic violence, lack of transport and poor educational attainment have all been cited in literature related to women’s capacity to transition into employment (see for example, Costello et al, 2005; Butterworth, 2003). Further, the structure of welfare payments themselves sometimes make it very difficult for women to move into work (including social enterprises and ILMs) whilst caring for children (see for example, Marlow et al, 2003). Despite some clear progress in recent years in addressing some of disincentives for employment that had been embedded in income support structures, these still exist, particularly for women (for example, work hour thresholds for women on carer payments). A deeper gender analysis of the continuing disincentives for women to step on to pathways into economic participation that are imbedded in Australia’s welfare system need to be addressed.

Clearly, there is a need for much greater exploration of gender in the context of social enterprise – both in Australia and internationally.

Of course gender cannot be separated from other aspects of life that can also shape exclusion or disadvantage. Particular groups of women in Australia face specific forms of exclusion and so any analysis about whether social enterprise presents pathways out of such exclusion must consider the barriers presented to these groups. This particularly applies to:

- Indigenous women;
- Women living in rural and remote Australia;
- Women who are recently arrived migrants and refugees;
- Women from Culturally and Linguistically Diverse (CALD) backgrounds;
- Older women;
- Women who are sole parents;
- Young women.

While attempts were made to include a diversity of case studies, not all the issues facing women across each of these groups can be adequately covered in a research project of limited scope.
Part Two
Case Studies
This section contains nine case studies of social enterprises from around Australia. The case studies were chosen from a broader set of interviews and consultations with Australian social enterprises for the following reasons:

- The research coordinating committee was made up of representatives from different States and Territories across Australia. The committee wanted the case studies to reflect the diversity of social enterprises across the country;

- The Australian social enterprise sector is diverse, as is the range of industries in which it operates. We wanted to illustrate the diversity of the sector and the industries, so we chose social enterprises that reflected this diversity;

- The Australian social enterprise sector is not new, indeed some would say it is probably as old as the nation itself, particularly if it is considered that the friendly and mutual societies, credit unions and cooperatives are part of the sector and have been present in this country for a very long time. We chose a diversity of social enterprises that could reflect both the very new parts of the sector (just starting up) and the older, more established parts (up to 20 years old);

- Women have founded and played important leadership roles in many Australian social enterprises, in addition to being employed and being the beneficiaries of social enterprise. We wanted to reflect a range of ways in which women have been involved in social enterprise, so we looked for case studies where women were variously involved in the enterprises operations.

Each of the case studies is structured very similarly. The reasons why each case study was chosen are outlined in the top right-hand corner. A ‘Birds Eye View’ of the social enterprise, using the definitional frameworks outlined in section one of this report is included below this. Each case study also points out some of the key challenges, the successes, and the learnings (both for other social enterprises and for government) that can be drawn from the experiences of the people involved in the enterprise.

The map on the following page outlines the approximate location of each case study.
Locating the Case Studies

Figure 6: Map of Case Studies
Case Study:
AMES Social Enterprise Network, Victoria

AMES is a statutory body, an autonomous Adult Education Institution governed by a Board and operating under the Education and Training Reform Act (2006) (Victoria). AMES is Victoria’s largest provider of English language and settlement services, and a major supplier of specialist employment and training services in Melbourne, servicing over 40,000 people annually.

AMES operates a range of social enterprises (which are not fully independent businesses, but which have independent accounts and are considered to operate as units tracking their own income and costs). This is important because it ensures that the social enterprises are operated as commercial entities, so there are financial bottom lines which are clear, but also include social impacts. AMES has developed a network of social enterprises through which they support, train and employ refugees and recently arrived migrants. The social enterprises that AMES operates that focus particularly on women include:

- **Sorghum Sisters**
- **Cultural Cooks**

AMES also operates or has operated other social enterprises that cover areas such as horticulture, woodwork, catering and cleaning. The two enterprises above focus particularly on support, employment and training of women.

**Sorghum Sisters** is a school based catering social enterprise based at the Carlton Primary School. It was started in 2005. The enterprise provides healthy school lunches to Carlton and Brunswick South Primary Schools; produces African staple food such as Injera (a spongy flatbread); and offers catering services. The cuisine stems largely from the Horn of Africa.

**Cultural Cooks** is also a catering social enterprise which started in 2007 and delivers healthy lunches to around 800 students and staff from different education facilities around Noble Park in Southern Melbourne. Cultural Cooks offers cuisine from around the world, and caters for functions, community events and special occasions.

The AMES social enterprises discussed here could be identified as ‘social businesses’ using Teasdale’s (2009) framework. They have a primarily economic purpose (but of course there are major social impacts involved and a close alignment with social purposes, hence its location close to the centre). The decision-making structure of the enterprises are primarily organized from within AMES – though on the job decisions are much more collective (again, this is reflected in the position closer to the centre of the continuum).

**Why was this enterprise chosen as a case study?**
AMES has a long history of social enterprise development and currently operates some innovative enterprises focused on employment of women.

**Birds Eye View**

**The Enterprise:** Catering enterprises, linked to schools and local communities
**The purpose:** Training and employment
**Lifecycle Stage:** Development to Growth Phase
**Participants:** Refugees and Newly Arrived Migrants

AMES is a statutory body – and it administers the social enterprises that it operates, but they are operated as independent business units, so their financial operations are tracked individually. There is also discussion that the enterprises could transition into community ownership over time.

The social enterprises discussed here could be identified as ‘pathway’ enterprises – they are designed to offer support, training and employment to AMES constituents, who are refugees and newly arrived migrants. However, some of the enterprises have also become ‘destination’ enterprises, offering women longer term employment.
All of the AMES social enterprises are focused on the combination of support, training and employment – they offer accredited training alongside work experience – but there is also much more to the picture. They offer on-the-job training both for longer accredited training certifications and also for short term courses. They also offer skilled casual employment and fixed term employment contracts. In this way the enterprises are meeting the varied needs of the workers involved – not all workers wish to transition to other employment, and not all workers wish to remain in the enterprise. These two enterprises offer both options.

The enterprises were developed to address key economic and social issues in the communities where they are based. For example, Sorghum Sisters was established to try to address: high levels of unemployment amongst African refugee residents on local housing estates, low levels of participation in mainstream services, women with low levels of English language skills having no formal work experience in Australia.

The enterprises also address some key opportunities: local residents from African backgrounds had to travel some distance to buy staple food products, the schools were looking for opportunities to engage more actively with parents; all the women could cook and it created an opportunity to bring a number of African Australian communities together.

The impacts of this enterprise have been significant for the women involved, the families, and their communities. Some of the key impacts include:

- Increased confidence and skills of women
- Greater engagement with school community
- Cross-cultural learning across school and community
- Healthier eating for school community
- Increased employment opportunities
- Community development across housing estate (increased resident contact).

### The Challenges

#### Balancing social and economic objectives
Balancing the social impacts and the business of the social enterprise

#### Developing business skills
Developing the necessary business skills and capacities – particularly as the enterprises were started from within a community development unit. It required ensuring that the three dimensions of building a successful social enterprise in CALD communities is considered: They need to be sustainable businesses that have a social impact and that are linked to the development of the whole community.

#### Place, Space and Growth
Sorghum Sisters has been based in a primary school – which has been positive in terms of being the school at which many of the workers in the enterprise have children or grandchildren, however it has limited their ability to diversify their product offerings, grow the business and therefore develop sustainability. The enterprise was successful in the recent Jobs Fund funding round, and will therefore be able to move into larger premises in a nearby housing estate.

#### Ownership
AMES originally had the intention of developing the enterprises and then ‘handing them over’ to the communities involved. However, this has not happened because the women themselves did not wish to take on the management of the enterprises – they wanted employment rather than the responsibilities of managing the social enterprises. Therefore, in consultation with AMES the enterprises have remained as owned and managed by AMES, and the women, while making day to day decisions, are not responsible for the overall management of the enterprises.
Key learnings for other social enterprises

- Enterprises need to be built on the opportunities and assets of the community and address both economic and social needs. The focus of the enterprises aligned particularly with the needs and the skills of the women. It linked to existing skills, brought women together in an environment that linked them into the broader community and also, because the enterprises are school based or school focused, this ensures that women’s parenting commitments are made central to their employment experiences, something that is often key for women’s participation in the workforce. Therefore, the training and employment is structured to meet the needs of the participants and this is considered key to achieving positive outcomes.

- Ownership and governance of a social enterprise may not always be what people want – in particular, women who have family responsibilities may just want to be employed. Social enterprises need to take account of people’s situations and their ‘need’ from the enterprise.

Key learnings for government

- A set pathway for engaging newly-arrived migrants in employment (where learning English precedes job training and work experience) is not always productive. Engagement in social enterprises can offer basic training and work experience and provide real life contexts for learning English. This simultaneously provides opportunities for confidence building, on-the-job training, and work experience which can be beneficial for newly arrived migrants and refugees.

- The public sector and statutory organisations can play a vital role in social enterprise development – either directly or through joint ventures with other organizations or other sectors.

- Women may not initially have the confidence or knowledge to build social enterprises. Investing in women’s capacity to initiate and manage social enterprises should be an important task of government.
The Social Studio in Melbourne, Victoria is a social enterprise that provides opportunities for young people from refugee and migrant backgrounds to learn and participate in the clothing and fashion industry. It also has an environmental agenda, in that the enterprise uses waste from the fashion industry as the source of its fashion materials. The social studio is a pathway social enterprise – it aims to build the skills of refugee and newly arrived migrant young people through training, and supports them into longer term employment in the industry.

The Social Studio has partnered with RMIT in Melbourne to offer accredited training. They also have partnered with AMES to deliver training in hospitality at the café located in the warehouse out of which the Social Studio operates. The concept of a ‘pathway’ into employment has been a key part of the ideals of the Social Studio, with trainees and apprentices encouraged to pursue and develop their skills firstly into certificate level training, then into diplomas and further still into bachelor programs at RMIT or other tertiary institutions.

The Social Studio also offers informal training, which helps workers to build their confidence in various technical skills and in the English language.

The Social Studio also works with employers to ensure that trainees are able to use their newly acquired skills and qualifications in employment.

Interestingly, the Social Studio actually pays above award wages to all trainees and staff. This ensures that economic participation starts from the beginning and is not just the goal at the end of the programs. Workers also get commissions from the sale of their work in the shop-front, and are able to keep 40% of what they produce to sell. This means that workers also have the opportunity to develop microenterprises within the supported setting of a social enterprise.

“There is an assumption in the sector that social enterprises can really only offer menial work. We need to be creating opportunities across all different types of jobs – IT, marketing, PR, graphic design and other creative industries”.

“Setting up a social enterprise is about hard work, being willing to take risks, and its very similar to small business start-up”
Key elements of success to date

- **Involving networks of skilled and practical people.** The Social Studio has connected with a range of people for support – from designers, architects, literacy specialists, journalists and, importantly, community representatives from the new and emerging communities.
- **Willingness to take on risk** – both personally in terms of the founder (Grace McQuilten) but also the board.
- **Learning as the social enterprise develops,** being constantly flexible and testing and trialing what works.
- **Relationships and trust translate into increases in sales** – and it is also important to tap in to the big changes that are currently happening in the market where people are looking to spend more ethically.

Challenges and how they have been addressed

- **Finding and taking on a commercial lease of a shop-front.** Negotiating with real estate agents around price was very difficult as the social goals of the organization did not play a part in determination of prices. The issues were resolved by taking over the lease from another shop who wanted to get out of the building.
- **Very difficult to get infrastructure money.** Need to constantly be thinking 6 months to a year ahead about where to leverage funding.
- **Balancing social and economic goals** – because the social goals cannot be compromised, the economic viability takes longer to develop.

“People are our biggest asset. We invest in our people. Everything is structured around supporting the people who come here and we would never compromise this for commercial return”

**Key learnings for other social enterprises**

- There are many opportunities in ‘new’, ‘green’ and emerging industries that are very suitable for social enterprise, that challenge both gender stereotypes and social enterprise stereotypes and could provide fertile ground for very innovative social enterprise development.
- It is important to seek out good partners and good contributors for social enterprise development. The partners offer skills, networks, opportunities and support (not necessarily money, and in many ways these former things are more important than money for enterprise development). The contributors offer practical help (for example, The Social Studio has benefited from the involvement of a couple of architects who helped to create a space that was practical, appealing and innovative). It is important for these people to be able to contribute actively.
- Constant learning is key to the development of a social enterprise – and this includes learning in all facets of the enterprise – the ‘shopfront’ (for example, fashion innovations, design process) in addition to the ‘back-end’ (for example, the financial management, security, human resources).
- It will be important in the future for experienced social enterprises to mentor emerging social enterprises as they will have the practical and real knowledge. There are a growing number of consultants in the social enterprise space, and they don’t always have the small business knowledge necessary nor the social impact mindset that could help social enterprise development.

**Key learnings for government**

- Although it is harder to invest in small, independent start-up social enterprises, they can often prove to be highly innovative and can deliver high social impacts. There is currently a move away from government and philanthropic investment in independent enterprises to a focus on larger non-profit enterprise development. This could miss an opportunity to develop a key part of the social enterprise landscape – a part that is much like the small business side of business development. Such enterprises are often built from community needs and interests and could offer real opportunities for ongoing local employment and innovation.
- Some of the mainstream funding and support processes that exist (such as, for example, funding around apprenticeships) are often not flexible enough for social enterprise innovation. These systems need to be closely examined to ensure that there is enough flexibility for future innovation.
- Funding of social enterprises should be carefully timed. At very early stages it is probably expertise that is required more than immediate resourcing. Early demonstration of passion and commitment and a willingness to engage with risk, is an important part of enterprise start-ups. Investment should follow rather than lead this demonstration of commitment. More consideration should be given to funding and supporting infrastructure development in social enterprises.
Case Study: Fair Repairs and Claymore Enterprises, NSW

Claymore is a housing estate in South West Sydney, in the Campbelltown region. This estate, along with others in the area, has experienced very high levels of unemployment (around 27% according to some accounts), and associated social issues such as high crime levels, family break-down, domestic violence and vandalism. A number of enterprises and enterprising activities have been developed in and around this estate by both public sector and third sector organizations. These include, a laundrette and coffee shop that provides laundry facilities for the local community, and has also become a meeting place in the estate.

There are also computer and internet centre facilities operated by Workventures, one of Australia’s largest and oldest social enterprises. There has been a women’s catering enterprise (Triple C) which was operated by local residents, but this no longer exists. There are also microenterprise support initiatives (eg. Employ Yourself) that assist local people to build the confidence to start their own microenterprises with business coaching and mentoring from local people.

Fair Repairs is a social enterprise that has been developed through a unique partnership between the third, public and private sectors. It’s goal is to “employ public housing residents by matching people who are out of work and experiencing barriers to employment in the mainstream labour market, with real work for real pay”.

The work that Fair Repairs has been focusing on is property services, maintenance, gardening and landscaping work related to the housing estates in the area. This work is contracted to commercial operators by the NSW Housing Department. This contract has a social clause imbedded in it that mandates that successful contractors seek to employ public housing tenants. This clause has been an important foundation of building the cross-sectoral partnership that underpins Fair Repairs.

Although Fair Repairs has, in its early days, employed more men than women, there are currently four women employed – one in the office and three in cleaning work. Fair Repairs has also noticed a large increase of women interested in working at the enterprise, as evidenced in recent recruitment events. They are also exploring other options for addressing the gender imbalance in the social enterprise and opening up more opportunities for women.

Why was this enterprise chosen as a case study?
There are a number of interesting enterprising initiatives on the Claymore housing estate. Fair Repairs, while currently employing more men than women, has begun to see the involvement of more and more women in industries that have traditionally been male dominated.

Birds Eye View (focusing on Fair Repairs)

The enterprise: Property services employing local housing estate tenants. This is a pathway social enterprise.
The purpose: “Creating local jobs for local people”
Lifecycle stage: Start-Up to Development Phase (has been operating since September, 2009).

Fair Repairs is the result of a partnership between a non-profit (Fair Business), a State Government Department (Housing NSW) and a corporation (Spotless), who have all contributed to its development. Fair Repairs is owned and operated by Fair Business, who manage the operational, financial and governance responsibilities.

Fair Repairs is operated and managed by Fair Business. It has an economic orientation, promoting employment for local people, with ‘real’ pay and working towards financial sustainability.
Key elements of success to date

- The partnership approach has been a key element of success, as it provides leverage from each sector to support the development of the enterprise.
- The people involved in each of the sectors could be described as ‘intrepreneurs’ as they are able to negotiate innovation through their various sectors and organisations.
- Ensuring there are a diversity of people in the work teams – with different backgrounds and skill levels. Supervisors need to have good technical and people skills.
- Building broader support networks through each of the partner organizations.

Key challenges and how they have been addressed

- Addressing the initial gender imbalance by finding work that was appealing to women and actively engaging with them to build recruitment levels.
- Ensuring that the work was completed to the contractors standards, by integrating quality control checks that helped workers build their capacity to complete quality work.
- Balancing the economic and social goals to ensure that every worker’s situation was taken into account and that they had the personal support and capacity building they needed to hold on to the jobs.

Key learnings for other social enterprises

- Social enterprise can be a highly effective way of engaging with people who have been excluded from employment for long periods of time.
- Cross sector partnerships and potential for joint ventures around social enterprise can be an effective way of initiating and developing social enterprises, particularly in very disadvantaged communities.
- It is important to be aware of the gender balance in social enterprises – particularly when locational disadvantage is a key measure of social impact.
- Quality is key to maintaining work and contracts.

Key learnings for government

- It is not just through funding mechanisms that government can assist and stimulate the development of social enterprises. Social procurement is a key mechanism for encouraging the ‘business’ of social enterprises. This case study illustrates how a social clause in a competitive tender can be a key driver in developing partnership around social enterprises. Care needs to be taken in designing procurement arrangements to ensure that social enterprises are not disadvantaged in the competitive process.
- It is as important for government to build and encourage ‘intrepreneurs’ inside bureaucracies – these are people who are deeply committed to social objectives, and who are willing to innovate and educate the system in order to ensure that the social objectives are met. Intrepreneurs are often key to the success of social enterprise.
Case Study: Red Cockatoo Australia, New South Wales

Red Cockatoo Australia is a creative arts business, working collaboratively with Aboriginal artists to build and strengthen awareness about Indigenous art and culture in Australia. Currently Red Cockatoo is focusing on gift cards but also expanding from this into other art products. The social enterprise was initiated by a woman, Tracey Allan, who after taking a break from working for Local Government, decided to pursue the path of social enterprise as she was passionate about Reconciliation and developing sustainable social and economic benefits for Aboriginal people.

Tracey started Red Cockatoo as a sole trader business, but it became difficult to continue in this structure with diminishing personal funds as a sole trader and limited opportunities under this structure to access any form of grant funding. Red Cockatoo was recently registered as a Company Limited by Guarantee and now has a board that will govern the enterprise.

Although Red Cockatoo is a start-up social enterprise, it is already focusing on growth. Currently 50% of expenses are covered by income but in order to build viability and sustainability there is a need for greater growth. This requires large distribution and a national outlet, as the market has predominantly focused on the local, Blue Mountains region.

Tracey attended the School for Social Entrepreneurs over the past 12 months, and this has greatly strengthened the development of Red Cockatoo.

Red Cockatoo spends 40-50% of their time in non-income generating activities, such as training, mentoring and consulting with Aboriginal communities and elders.

Key elements of success to date

- **Willingness to take the risk** of establishing a social enterprise
- **Move from sole trader to non-profit company** has opened opportunities and built a broader base for the enterprise
- **The mentoring and support** from the School for Social Entrepreneurs
- **Connection to Aboriginal communities** is key

Key challenge to date

- **Building a national and large distribution channel**, as this will bring in larger revenue opportunities.

Why was this enterprise chosen as a case study?
This is a start-up business that illustrates some of the pathways that social enterprises have to take in order for ideas to become realities. The enterprise was started by a woman who had social impact goals but has developed with the understanding that it is important to build in financial sustainability if the social goals are to be met.

Birds Eye View

The enterprise: A creative arts business working with Indigenous artists.

The purpose: “Working collaboratively with Aboriginal artists to build and strengthen awareness about Indigenous art and culture in Australia”.

Target Group: Aboriginal artists across Australia, but particularly in the Western Sydney and Blue Mountains area.

Lifecycle stage: Start-up (began in 2009 as a sole trader business and recently incorporated as a Company Limited by Guarantee non-profit).

Red Cockatoo is an independent social enterprise that has a non-profit structure but aims to use trading to generate income so that its social objectives can be met. It is a ‘destination’ social enterprise, in that the artists could choose to stay involved, however, for some it may also be a ‘pathway’ to other employment.

Red Cockatoo was originally formed as a sole trader business, but now as a non-profit company it has a Board (currently all women, but not by design), and considerable input from Aboriginal community which is key to the enterprises’ direction.
Key learnings for other social enterprises

- Involvement with other social enterprises can be important across the lifetime of a social enterprise – but can be particularly important during start-up. Entities such as social enterprise intermediaries (for example, Social Traders, Social Firms, SVA Hubs and the School for Social Entrepreneurs) can provide excellent opportunities for peer support and learning.
- Some legal structures are not suitable for social enterprises as they do not provide flexibility and the possibilities of blended incomes. It is important to choose a legal structure carefully from the beginning.
- Being clear about the social objectives of the enterprise is important from the start – and holding on to these as the enterprise develops is key.

Key learnings for government

- Red Cockatoo demonstrates the ‘social wealth’ that can be generated by people achieving their goals through social enterprises.
- The legitimisation of skills and abilities provided to artisans and other direct producers through the sale of their work also builds a ‘wealth of confidence’ that resources their active participation in society. This can resource their move into self-employment, skill-sharing activities and paid public roles, such as the curation of exhibitions (as has been the case for one of the artists involved in Red Cockatoo).
- It is important to recognize stability of income as a key measure of economic participation. The income that artists currently earn from Red Cockatoo is modest, but it is regular and reliable, which has a very positive impact for the artists involved. It allows them to plan and budget more effectively and provides an opportunity for longer-term thinking.
- Programs such as those offered by the School for Social Entrepreneurs present important opportunities for support and learning, particularly for those starting independent social enterprises. Currently the opportunities for this sort of support are limited across Australia and there is an argument for strengthening these types of support systems to encourage more social enterprise development.

Photo Source: www.redcockatooaustralia.com
Case Study: Biddy Bags, Queensland

Biddy Bags is a social enterprise based in Redcliffe on the outskirts of Brisbane. It began from the idea and passion of a local woman, Samantha Jockel, a community cultural development worker. When Samantha moved to Redcliffe, a suburb with many retirees, she noticed that many of the local women produced crafts for markets and fetes but that they were sold very cheaply and were not particularly attractive for a broader market. She also noticed that many of the older women in the area were living on pensions and were somewhat socially isolated. This formed the basis of Biddy Bags, which connects social inclusion, economic inclusion, and women as producers and consumers.

Biddy Bags links the skills of older women (particularly crocheting) with designs that appeal to younger women. The range includes bags made with vintage materials (often sourced from the women themselves), wash cloths made from organic cotton, and specialty items (such as the ipouch, for iphones).

The women, all retired and living on pensions, are paid for each item they produce (regardless of whether it is sold). Each of the women has an ABN and they often use the income to supplement their pensions (they can regulate how much they earn so that it does not interfere with welfare payments). The women get over 50% of what items are sold for, which far exceeds what they have previously earned for similar work. However, as with most crafts, if the income was translated into an hourly rate it would not constitute what could be termed ‘fair trade’.

For some of the women the income is an important dimension of their involvement and provides a source of money they can use for items that are difficult to purchase on a pension, or for saving for emergencies. For other women Biddy Bags provides important social relationships (particularly with Samantha, the manager of Biddy Bags), and it provides social valorization – the sense that they are contributing to something and that their participation in society is valued. Although the women have at various times come together to work on their craft, they predominantly work alone in their own homes. Samantha spends a great deal of her time engaging with the women and is the major point of social connection between them.

Biddy Bags currently has a turnover of around $40,000 and does not yet cover the wages of the manager. It would require between $50,000 and $100,000 to employ staff and develop further. They are currently looking at developing more passive income paths to build the viability of the enterprise.

“It was probably because people said that it wouldn’t work that made me more determined to make it work, show them!”

Why was this enterprise chosen as a case study?
Biddy Bags works with older women and builds on their existing skills to promote both economic and social inclusion. The target group (older, retired women), the market (predominantly women) and the focus (craft) make this a very interesting case study.

Biddy Bags is an independent company limited by guarantee. Although it has benefited from some grants and philanthropy, the majority of its income has been earned from sales of the products.

Biddy Bags is governed by a Board of Directors. Samantha is the manager of the company and is the key decision-maker and leader in the organization.
### Key learnings for other social enterprises

- Businesses need leadership. Leaders need to believe in themselves and the idea and persevere even if people tell them it won’t work. It is also necessary, however, to maintain flexibility in the approach so that quick and decisive action can occur when the right opportunities arise.
- Mentors can be important, however it is essential to find a mentor whose translation of business principles and practices is relevant to small business, particularly social enterprises. This means that mentors need to be able to understand the social agenda of the business and offer support to negotiate the on-going challenge of attaining financial viability whilst maintaining the social priorities of the enterprise.
- Many enterprises have leveraged the resources they need in the planning and start-up phase from existing personal and professional networks. These networks can provide a solid base of expertise, start-up funds and public legitimacy.
- A focus on product development and marketing is a key element of success. It is also important to keep the public profile of the enterprise high through public relations opportunities. As the founder of Biddy Bags says, it is important to know and keep an eye to “Who is going to give you money day after day, year after year?”.

### Key learnings for government

- The flexible application of existing employment and training funding initiatives will provide vital support to Social Enterprises. Social Enterprises concerned with women are currently prevented from accessing small grant employment programs due to the rigid application of outcome definitions. For example, funding eligibility may be determined by the Enterprise’s ability to achieve “employment outcomes for x number of participants”, meaning the placement of participants in full-time work or further education. Full-time work may not be a viable option for disadvantaged women re-entering the workforce, elderly women, or women with carer responsibilities. However, part-time or casual work can significantly improve the financial position of women, supplementing pensions and providing funds for one-off expenses, whilst reducing their social isolation. A broadening of the definition of acceptable employment outcomes to include part-time and casual income-generating activities is needed. What could also help would be to legitimise the discretionary power of funding delegates to negotiate acceptable deliverables and outcomes on an enterprise by enterprise basis.

### Key challenges

- Funding challenges – there are few funders who understand social enterprises despite the fact that it is now increasingly popular. Also, some of the traditional clauses in funding contracts (such as that the funder owns any intellectual property) are inappropriate for commercially oriented enterprises;
- It is difficult to grow the business with just one staff person – particularly when the focus is on quality relationships and social objectives;
- Finding funding for this target group is difficult, particularly when employment is often defined as ‘full-time’ in grant conditions.

“For some of the women it [being part of Biddy Bags] is about earning money for one-off expenses, such as a new bed or eye glasses, that can’t be found in their normal budget. For at least half of the women [a key benefit is] having a valued role and a story to relate to their grandchildren.”
8EAR Community Radio Inc: Gove FM is based in East Arnhemland in the Northern Territory. The Gove Peninsula is a diverse area, with a large and strong Indigenous population (Yolngu), mining communities around the town of Nhulunbuy, and a tourist industry around the peninsula. The radio station was started 18 years ago to service the region, provide an important community communication service and build the local economy. It has a large influence on the region, and is the only general radio station in the region (there is also an Indigenous radio station, Yolngu Radio). As part of its license agreement it is also obliged to play a community service announcement each hour.

The station airs environmental, health and social messages (for example, they recently aired messages about protecting people from swine flu when there was a local outbreak).

The station has a strong commitment to presenting diverse content, and to encouraging a diversity of people to develop skills in radio presentation and sound technologies. They train local presenters who volunteer at the station, and run a youth program (with funding from the Northern Territory Department of Justice) which teaches interview skills, announcing and program development skills.

Of the twelve regular announcers, seven are women and women play key roles in the station. There is only one paid staff member (the station manager), so pathways to employment for volunteers are limited. However, volunteers increase their confidence by participating in announcing and because it's a public role this can have an impact in terms of their broader social and community participation. One of the key issues at the radio station is that the township has a large transient professional workforce because of the mine, and so it can sometimes be difficult to attract enough announcers to cover the on air time periods.

In many ways the Gove FM radio station is a community asset – it provides a local portal for information and education, and it provides opportunities for local people to take on public roles for both personal and community development. The station has also run a ‘shop local’ campaign to help support the local economy and local businesses.

The key challenges into the future will be to upgrade equipment and continue to attract a diverse range of announcers.

Why was this enterprise chosen as a case study?
This case study illustrates the diversity of social enterprise. Community radio stations are not new, but they are social enterprises, as there is little funding available to such organizations and they make most of their income from selling advertising. Gove FM has seven regular women announcers and caters to a diverse community in the Northern Territory both for entertainment and public benefit.

Birds Eye View:
The enterprise: Community Radio Station
The purpose: Meet the needs of the Gove region “by providing diverse, quality radio, in a professional and entertaining manner”
The target group: people living and working in the Gove region
Lifecycle stage: Mature (operating for 18 years).

Although Gove FM is an incorporated association and receives occasional grants, it does not depend on grants and gets most of its income from local business sponsorship / advertising.

Gove FM has a board that governs the operations, and one paid staff member, the station manager. All other announcers and support staff are volunteers. Women are currently in major decision making roles as president and station manager.
**Key learnings for other social enterprises**

- Community enterprises are often locally focused and could therefore link with and engage other local businesses. Joining business associations such as the local chambers of commerce could help social enterprises develop links and networks in local business areas.
- Community enterprises can be an important part of the local economy, they can provide local services and they can become a source of capacity building for local people.
- Even ‘destination’ enterprises can develop ‘pathways’ – so that new or young people can be offered opportunities to develop their capacities and learn new skills.
- Building a solid base of community support means that enterprises can influence, challenge or even change community members’ perceptions and behaviours. Social Enterprises can contribute to the development of ‘knowledge wealth’ in a place or amongst a specific target group. This knowledge provides people with power to increase control over decisions that affect their lives and expands their awareness of what is possible, a necessary pre-cursor to action, innovation and change.

**Key learnings for government**

- The provision of time-limited project grants to solid ‘destination’ Social Enterprises can enable them to respond to current social concerns and provide training and employment opportunities in their locality.
- The establishment of a viable, destination Community Enterprise can provide a solid platform from which to launch a range of timely initiatives in response to community priorities and needs. These may be internally or externally conceived. The skills of the Station volunteers enable Gove FM to offer training and personal development pathways to the youth of the community. This Community Radio Station functions as a community asset that public and non-government agencies and private enterprise can partner with to achieve their social goals.
Case Study: Catherine House, South Australia

Catherine House provides supported accommodation for women over 21 years, unaccompanied by children, who are affected by homelessness. The women who become clients of Catherine House present with a range of complex overlapping issues including mental illness, drug and alcohol problems, gambling, domestic violence, relationship and family breakdown. The most common factor in the profile of women who come to the organisation is the experience of the trauma of childhood sexual abuse. The women come from across the whole spectrum of society including those who have gone to private schools, university and had a career.

Since 2006 Catherine House has also been exploring setting up a social enterprise that would address the unemployment of the women. The planning process for this social enterprise has involved a number of different stages:

- It started with an idea to develop a women’s cooperative on site, which then evolved and people started to use the language of social enterprise;
- Staff researched the most relevant models for the organisation and for the particular client group, and looked at overseas examples of social enterprise.

“Recognising this success led to us looking at how to build and evolve this program to create long lasting jobs for women”.

Catherine House has developed a range of innovative in-house employment programs and has an education and employment centre (Sagarmatha) that offers a range of recreational, skill development, educational and job preparation courses. The aim of the centre is to “educate women out of homelessness”. 

Sagarmatha is a purpose built centre that provides job readiness, personal development, TAFE courses (literacy, numeracy and womens studies) and craft & creative activities (eg.art and drama groups). They have also developed a ‘No Barriers Program’ and a ‘Working Wardrobe’ project to assist women to prepare for job interviews and build job confidence and readiness. This has led to some very positive outcomes over the past two years - 54 women in employment, 38 women to further education and study (5 at university level) and 9 in volunteering roles.

Public Sector

Private Sector

Third Sector

Fourth Sector

The enterprise is being developed under the umbrella of Catherine House, with a different brand name and ABN and a distinct set of accounts. They have developed important relationships with the private sector.

The governance is currently with Catherine House – however there is the intention of involving clients in governance. Economic orientation is strong, and financial sustainability is the aim.

Why was this enterprise chosen as a case study?
While it is in the early stages of its lifecycle, the process that has already occurred in the start-up phase illustrates the importance of planning in the development of a social enterprise. The enterprise is also focused specifically on addressing women’s exclusion.

Birds Eye View:

The enterprise: a fee-for-service specialist job placement service.
The purpose: “To get women who have experienced social and economic disadvantage into long-lasting jobs”.
Lifecycle stage: Start-Up

The enterprise is focused specifically on addressing women’s exclusion.
• Catherine House set up a think tank and invited four people from a range of different business backgrounds to identify a business concept, undertake a feasibility study and make recommendations to the board of Catherine House as to how to develop this ‘social enterprise’. They considered two options:
  1. Build on the job readiness programs that they had already developed by setting up a specialised job placement service catering to their own clients and more broadly as a fee for service model;
  2. Build a commercial business focussed on providing a virtual office for tradespeople (which was dismissed because whilst there was a business opportunity there it was considered that the working environment may be slightly isolating and not be best matched to the client group).
• A full business plan was developed for option one, including feasibility and viability projections and was presented to and approved by the board.

**Finances**
- Currently have $100,000 start up capital plus staff support from Catherine House.
- Will be targeting social ‘investment’ from corporates, government, philanthropic sources and individuals through an innovative mechanism offering investors social returns. They are currently working with SVA and PWC on an SROI forecast analysis.
- Forecasting a small surplus in year 2 of operations and a larger surplus at the end of year 3, which will be reinvested to expand the concept and eventually develop alternatives for women not able to be placed into mainstream work.
- Considered recent Government funding but decided against it because of the tight turnaround timeframes for development and delivery that may be unrealistic for the organisation.

**Key challenges and how they have been addressed**
- All the necessary business skills were not necessarily present in the original group, so they involved business expertise (Think Tank) and professional women – through a “Women to Women” network involving ten women in senior management/CEO level.
- Found that the Australian social enterprise space was not well developed enough to be of assistance, therefore dedicated resources committed for sound research to be carried out over 2 years. A key part of the solution was to develop good relationships with intermediary organizations (such as Social Firms and SVA) and also with overseas enterprises in the UK and US.

**Key elements of success to date**

“**Head like a business**”:
- Behaving like a business in the planning and development phase.
- Develop a business case to put to the board and other potential investors – based on sound market research and feasibility studies.
- Being aware of risk, working on managing this risk.
- Working towards financial viability and sustainability.

“**Heart like an NGO**”:
- The reason for existence is firmly grounded in sophisticated understandings of the target group, their needs and the potential pathways out of disadvantage. Plan to build further paths as and when appropriate to meet the needs of those falling through the gaps.

“[For our target group] .. there is an assumption that skill level is low and they will be interested in anything/ be grateful for a job. We want to find and support women into meaningful, long-lasting jobs”.
Key learnings for other social enterprises

- Careful research and planning prior to and during start up can ensure that social enterprises are ready to meet both their social impact objectives and have the best possible chance of being financially viable.
- Developing innovative and social mission-related means for attracting professional assistance can yield some impressive results (Catherine House developed a Women to Women network that brought together professional women from senior management positions, some of who provided assistance in the business planning development aspect of the social enterprise).
- Visiting and building relationships with other social enterprises both in Australia and overseas can help to understand some of the challenges and opportunities of developing a social enterprise particularly if the visited social enterprises are working with similar target groups or constituents.

Key learnings for government

- Well developed business plans could assist government to make assessments of social enterprises in relation to funding – however, it should be noted that funding enterprises at the start-up stage is both risky from a funders perspective (in that there is no track record and it could build in funding dependency from an early stage) but could also negate one of the key elements of enterprise development, that is, the relationship between innovation and risk.
- Joint venture approaches to social enterprise development are an effective way to spread risk and investment. This is a tested and successful method of social enterprise development, however to date it has received little attention from policy makers or researchers.
- Very clear links to the needs of and impacts on the target group throughout the enterprise’s development can strengthen the potential of enterprises becoming pathways for economic and social inclusion.

Photo Source: www.catherinehouse.org.au
Case Study: Spindle Tree, Tasmania

Spindle Tree is the trading name of the Designer Craft Cooperative Society Ltd, a trading cooperative focused on fostering and promoting creativity and excellence in design of fibre, arts and crafts and fibre skills in Tasmania. Spindle Tree operates a shop in Salamanca Place, Hobart, and also organizes various seminars and forums for its members, in addition to facilitating access to studio space. The cooperative was originally formed as an outlet for the goods produced by members of the Handweavers, Spinners and Dyers Guild. It now continues to fulfill the foundation principles but members are no longer sourced from the Guild. It has also become a primary source of affirmation, creative impetus and community for its members. Most members are newly retired or only employed part time in other occupations.

“...The co-op was started to satisfy our need to produce – because our family and friends were at capacity with the amount of our goods! We had to ask, what can we do with all our surplus goods?”

Spindle Tree is a significant supporter of locally grown natural fibre. All items sold in the shop, sourced from members and suppliers, must have been made in Tasmania and use at least 90% natural fibre.

The initial capital needed to start the cooperative came from shares (which is legal under cooperatives legislation), and members were asked to buy between 1 and 5 shares in order to join the cooperative (shares were costed at $100 each). Around 40 members joined originally. There are currently 17 members.

All items submitted, whether by members or suppliers, are checked for compliance with the principles of the cooperative. The price of the item is set by the producer and the cooperative adds a commission (25% for members and 50% for suppliers). The cooperative distributes the surplus generated from the shop as dividends to members, retaining some funds for reinvesting in the cooperative and to cover collective costs. The cooperative is financially viable and successful.

The cooperative has received some assistance over its lifetime – from members (for example, one of the original members lent the cooperative some funds for start-up costs); from family members (for example, some members’ husbands assisted with legal and accounting support in the early days); and networks (for example, assistance from the owner of the arts centre in which they lease space at an affordable rent).

Spindle Tree is an independent trading cooperative that seeks to benefit members through both economic and social participation. It is a ‘destination’ social enterprise as members stay involved for as long as they wish to benefit from the cooperative.

Why was this enterprise chosen as a case study?
This case study illustrates how important the social dimensions are in social enterprise development and in promoting women’s social inclusion. Spindle Tree is a mature social enterprise time-wise but still immature in the business arena despite having operated for over twenty years. It currently has an all-women membership, but is not limited to this. In the social enterprise field it is important to acknowledge and learn from the older social enterprises and not just see this as a new phenomenon.

Birds Eye View:
The enterprise: Fibre Arts, Design and Crafts Cooperative.
The purpose: Fostering and promoting design of fibre, arts and crafts in Tasmania and providing facilities and assistance to those engaged in these fields.
The Target Group: Craftspeople and artisans focused on fibre crafts, arts and design.
Lifecycle stage: Maturity (operating for 21 years)

Spindle Tree is an independent trading cooperative that seeks to benefit members through both economic and social participation. It is a ‘destination’ social enterprise as members stay involved for as long as they wish to benefit from the cooperative.

As a trading cooperative Spindle Tree, members govern and operate the enterprise. They volunteer in the shop, attend meetings, make decisions about directions, and submit work for sale in the shop.
Key elements of success to date

- The cooperative structure – shares the risk and the rewards, generates social capital in addition to economic capital, shares the work of operating a retail outlet.
- Support from family, networks and other members over the lifetime of the cooperative.
- Acceptance that different members have different levels of capacities and feel comfortable with different levels of responsibilities and complexity of tasks. It is important to recognize this – so, for example, the coop has not computerized its systems as most members are not computer literate, and so in order that everyone can contribute it was decided to remain largely paper-based.
- The coop has developed an effective website and whilst selling through this medium, it has not yet moved to online sales.

Key Challenges

- It has been difficult to find auditors who understand cooperatives and cooperative law and who are willing to take on the audit of the co-op.
- The co-op has not been successful in obtaining grants from arts and cultural programs, largely because crafts are not considered ‘arts’, and they do not fit the criteria of arts grants (for example, numbers of exhibitions in a year).
- Early in the co-ops development there were some gender challenges – such as obtaining financial assistance because all the members were women.
- Ensuring that members price their goods appropriately and don’t undervalue their goods – the co-op has addressed this with a mentor program for new members.
### Key learnings for other social enterprises

- It is important to accept that different members will feel comfortable with different levels of responsibility and input. Developing a mentorship program so that more experienced members assist newer members to learn about the enterprise can be a very effective way of building the enterprise and the people in it.
- The quality of products and customer service are paramount. It is important to train and mentor shop-front staff to ensure consistency in dealing with the public and to ensure attitudes and behaviour reflect that every customer is special.
- The people leading the social enterprise need to be involved in ALL aspects, from production to sales, to develop understanding but also to reduce costs. It is advantageous for leaders and initiators to be competent in every aspect of the enterprise and they may need to upskill themselves as the enterprise enters new phases of development.
- When a social enterprise is developed from an existing network or collective, it can be important to leverage needed resources in the planning and start-up phase from existing members and personal and professional networks. These networks can provide a solid base of expertise, start-up funds, in-kind resources and public legitimacy.
- The Spindle Tree has been able to reduce its costs by undertaking all roles and aspects of the social enterprise in-house, except for auditing.
- The ‘social wealth’ generated by people achieving their goals through a collective effort should not be underestimated. The legitimisation of skills and abilities provided to artisans and other direct producers through the sale of their work also builds a ‘wealth of confidence’ that resources their active participation in society.

### Key learnings for government

- The flexible application of existing funding initiatives for the arts could provide vital support to Social Enterprises. Social Enterprises active in the creative industries are often prevented from accessing small grant programs due to the rigid application of eligibility criteria. For example, to be eligible for grants for professional development and artistic product development, the “artist” may have been required to hold x number of public exhibitions in y period of time. Many female artisans may not have the networks, resources and/or time to dedicate to building this critical mass of material to hold such exhibitions.
- The Small Business sector is a significant provider of jobs in Australia and, appropriately, receives the attention and support of all levels of Government. However what a Government agency defines as a “small business” may have 80 employees. All levels of Government need to acknowledge and accommodate the micro business sector (i.e. businesses with ten or less staff (mostly part-time) and a turnover of $500,000 or less) and the social enterprise/social business sector which can contribute both economically and socially to society.
Case Study:  
Perth City Farm, Western Australia

Perth City Farm is “an inner-city Organic and Permaculture demonstration garden and community resource centre. Perth City Farm is working towards environmental and community sustainability through a creative approach to the problems and opportunities of contemporary society”. The City Farm operates various micro-enterprises that all contribute to fulfilling its purpose. It has developed various education programs that cater for primary and secondary school aged children, in addition to adults education that is both accredited and non-accredited. Perth City Farm also hires out its venue, offers catering, has recently opened a café, and runs artisan and organic growers markets. All of these activities bring in income but more importantly, help City Farm to fulfil its mission.

Though the city farm has received a number of grants over its lifetime, it has always preferred to earn its money and blend its income from various sources rather than being dependent on any one source of income.

The education programs Perth City Farm offers include certificate level qualifications in horticulture and construction run in conjunction with Central TAFE, and may soon extend this to hospitality.

After many years of uncertainty about the site that they occupy in the inner city area of East Perth, they now have a 40 year lease for the site, which was formerly a heavily polluted and degraded industrial site. Perth City Farm has restored and developed this site with extensive gardens and buildings renovated and built on environmental principles.

Perth City Farm’s values – respect, non-judgement and compassion - are core to its work, which it describes using the acronym ‘PEACE’ which stands for: “Permaculture, Education, Arts, Community and Enterprise”.

The founder of Perth City Farm, Rosanne Scott, spoke of the determination needed to develop the enterprise in the face of some doubt that it would be successful. Rosanne highlighted the importance of having good women as role models in the social enterprise space but suggested that the challenges for women in social enterprises are now not as tough as they once may have been. She spoke of the long hours that are needed to establish and maintain a social enterprise, and the diversity of skills that are needed – including well-developed people skills, in addition to understanding of business, book keeping and having a good relationship with the ‘money’ side of the business. Rosanne commented on the important role that mentorship has played in building the social enterprise, particularly when those mentors have skills and experience in the sector.

Why was this enterprise chosen as a case study?  
This social enterprise is a branch of a larger organization, known as Men Of The Trees (MOTT). The City Farm was founded by a woman, Rosanne Scott, over 15 years ago, who is still leading the enterprise. Along with the CEO of MOTT, Sandra Krempl these two women provide leadership and inspiration in a diverse and dynamic social enterprise. There is much to learn from its history and from its current work, particularly as it is focused on environmental areas of work.

Birds Eye View:  
The enterprise: Perth City Farm includes a range of enterprising programs – including a café, nursery, education programs, venue hire, catering and markets.
The purpose: Promoting environmental awareness and responsible practices by providing information, training and hosting of community-based programs.
The target group: Community – diversity of people.
Lifecycle stage: Growth

Perth City Farm is a branch of ‘Men of the Trees (Inc)’ an incorporated non-profit organization, which itself could be described as a social enterprise.

Though there is a director of the City Farm, and a CEO of the overall organisation and this provides the foundation for leadership, decision-making has a collective quality. It has qualities of a community enterprise.
Key elements of success to date

- Upholding the core values over the life of the enterprise has led to a dynamic, diverse & engaged community of people visiting & volunteering at the City Farm. Leadership that has incorporated strong values has also resulted in inclusive & creative engagement;
- Developing the three legs of the social enterprise stool: passion, business & marketing;
- Finding a mentor who could uphold the values & help the enterprise to grow as a business – someone who understood the challenges of social enterprise;
- Developing a business plan;
- Finding a guidance about developing social enterprise (through the Brotherhood of St Laurence community enterprise handbook);
- Learning basic book-keeping skills.

Key Challenges

- Balancing a community development approach with business sensibilities to ensure the sustainability of the social enterprise (this balance is now being achieved but it has been a challenge over many years);
- Learning that money is a tool and developing a better relationship with money;
- Keeping up with technology and making good use of it to fulfill the organisations’ purpose;
- Ensuring that there is adequate marketing to reach out to people across Perth;
- Maintaining inspiration and passion amidst the long hours and often hard work to establish and maintain the enterprise;
- Ensure continuity of the ‘place’ of the enterprise on the site that it occupies.

Key learnings for other social enterprises

- It is important to develop a good balance between the social purpose of the enterprise and the business of the enterprise, to develop a healthy and robust relationship with money and understand the crucial role it plays in social enterprise development and sustainability;
- Leadership shapes a social enterprise in very fundamental ways. A leader with strong values, who is able to engage people to be creative and who is able to build the business is key to the success of social enterprise. Good governance and clear policies can provide a solid foundation for building the enterprise.
- Finding a mentor who shares your values, who you respect and who has an understanding of social enterprise can help a social enterprise develop, but can also provide very important support to leaders in a social enterprise.

Key learnings for government

- There are many social enterprises that have developed over a long time in spaces outside welfare and social services. Organisations such as Men of The Trees, who have an environmental focus, have a long history of enterprising activity and in developing social enterprises. Social enterprises have also developed in the arts and cultural development areas. Interestingly some of these social enterprises developed out of necessity as there were few direct grant funding opportunities and little support from philanthropic sources.
- Social enterprises such as Perth City Farm illustrate the importance of blended income sources to ensuring viability and sustainability.
- The structure of Perth City Farm is interesting as it is a branch of a larger incorporated non-profit organization, but one that has a long history of enterprising activities and of earning income from diverse sources. The connections between the various branches of this organization and their relationships to the central organization illustrates the power of networked enterprises, and could signal that a greater exploration of federated structures to support social enterprise development is warranted.
Part Three
Key Elements of Social Enterprise Success
This section examines key elements of success and some of the barriers that social enterprises face over the course of their development. The exploration draws together insights and observations from the interviews, with literature and research about social enterprises. Particular attention is paid to how Government could engage with social enterprises around key success factors, with key recommendations highlighted in relation to each element. The section begins with an overview of the lifecycle of social enterprises, and some of the challenges that are faced at each stage of the lifecycle. Five key elements that contribute to the development of successful social enterprises are identified and further explored. It is argued that these elements should be interpreted in the contexts in which enterprises develop – they are not universal or uniform, and what is ‘right’ for one context may not be ‘right’ for others.

**Right People and Partners** explores the people and the ecology of relationships that are needed for a social enterprise to be successful. The importance of the skills and capacities that people and partners bring to an enterprise is also examined.

**Right Place and Base** examines the importance of place-based approaches to social enterprise development and identifies ‘place’ as a key determinant of whether social enterprise actually can and does create pathways towards social inclusion for women. The physical location of an enterprise is also explored as many social enterprises find it difficult to locate themselves in settings that enable them to meet their social objectives and develop financial viability, particularly when real estate is increasingly expensive.

**Right Industry-Impact Connections** examines the sorts of industries in which social enterprises are locating themselves, and what implications this has for their social impact, and in particular for how well they can establish pathways out of poverty and exclusion for women.

**Right Structures:** examines the key legal structures and governance mechanisms used by social enterprise and explores how these shape enterprise development.

**Right Resources:** explores the funding and financing of social enterprises – which has been identified by many researchers as critical for the building and development of social enterprises. This section examines where and how this can assist social enterprises across their lifecycles. In addition the issue of earned income is examined more closely. One of the keys to developing a viable and sustainable social enterprise is to ensure a diversity and consistency of income. The importance of income and, in particular, the role of procurement in developing social enterprise income is examined.

**Challenges and opportunities across the lifecycle of a social enterprise**

The social enterprises that were interviewed and consulted as part of this research were all at different stages of development – from start-ups that were still in planning stages, to those that had been in operation for a number of years, right up to those who had been operating for more than 20 years. Research suggests that the lifecycle of social enterprises does not involve a linear progression from start-up to maturity, but rather, can involve a circuitous journey (see Burkett, 2010). Each phase of an enterprises’ development presents different challenges. Figure 7 below provides an overview of key stages in the lifecycle of social enterprises, and some of the challenges that interviewees identified in relation to these stages. It is important to understand and appreciate these challenges if social enterprises are to be supported to contribute to social inclusion.
In examining the data collected from interviews and consultations, and linking this with the relevant literature, it could be said that five key elements contribute to the development of successful social enterprises:

1. Right people and partners;
2. Right space and place;
3. Right structure;
4. Right industry-purpose connection;
5. Right resources.

The use of ‘right’ here does not suggest that there is any one universal ‘right’ way to
approach these different elements in a social enterprise. Rather, it signals that there are ‘right’ ways of approaching these elements in each particular situation, depending on the context of the social enterprise, it’s objectives, the target group or beneficiaries, and the skills and capacities of those involved. It was clear from these interviews that what is right for one enterprise operating in a particular context and with a particular group of people will not necessarily be right for others, even if they are working with similar issues.

In addition, for social enterprises the measurement of their success is very much tied to their purpose. For many this means balancing social and economic objectives – that is, creating social impacts whilst also working towards financial sustainability.

Each of these elements is briefly examined below to explore some of the different ways in which they have been approached and how they contribute to successful social enterprise.

**Right people and partners**

One of the key elements of success in social enterprises is the people who are involved. Much of the literature on people in social enterprise focuses on the importance of the ‘social entrepreneur’, the person who is able to bring the idea to life and is often the founder of the enterprise (see for example, Shaw and Carter, 2007).

The interviews and case studies for this research indicated that there was either one person who had the entrepreneurial spirit to initiate the social enterprise, or there was a collective of people who shared this spirit. What was important, however, was that this entrepreneurial spirit was present – a person or people who had the vision to innovate in relation to addressing particular social issues, who had drive and passion to enact the vision, and were willing to take risks (often quite significant financial and personal risks) to make sure that the vision became a reality.

This is important as it suggests that the people who initiate social enterprises are acting in ways that are considered different from, or even counter-cultural to, traditional practices in the third sector. In effect they are bringing the qualities of risk, innovation, blended resource generation and experimentation to addressing social issues (see Dees, 2007).

The concept of entrepreneurship and the title of ‘entrepreneur’ has, according to some, often had gendered associations or connotations (see for example, Bruni et al, 2004) and social entrepreneurship too has often tended to publicly highlight the achievements of men rather than women (McKay et al, 2010). Interestingly, however, UK research has shown that in social enterprise, women are almost as likely to be ‘entrepreneurs’ as men, which is more than two times what the reality is in commercial settings (McKay et al, 2010).

As there has been no research in the Australian setting as to the gender composition of social enterprises it is difficult to make assumptions as to whether women are generally well represented as social entrepreneurs. However, many social enterprises emerge from third sector organisations, or at least have strong connections into the third sector. In Australia research indicates that around 87% of the workforce of the third sector is female (Morris, 2009). Given this gender profile of the third sector in Australia, one could assume that there
are likely to be a large number of women in Australia’s fourth sector. A number of the interviewees, however, raised some challenges or barriers that women in particular face in entering the ‘social enterprise’ space. These included:

- Lack of confidence to engage in social enterprise;
- Lack of information about, and role models of, women social entrepreneurs (as many of the examples of social entrepreneurs in the public realm are men);
- Lack of discussion about gender in the social enterprise space – the assumption of gender neutrality but the knowledge by many women working in social enterprise that there is a male orientation given the focus on ‘hard-edge’ business concepts.

It does seem that there is a need in the Australian context to draw greater attention to women in the social enterprise sector (the fourth sector) and to promote the role of women as social entrepreneurs and as workers and leaders in social enterprises.

**Recommendation 1: Promote Women in Social Enterprise:**
Government should play a lead role in promoting the role of women in social enterprise and social entrepreneurship and provide information particularly aimed at women about how they can engage in and lead social enterprise development in Australia.

**An Ecology of People and Partners**
While the role of ‘entrepreneurs’, or at least of an entrepreneurial spirit, was identified as key to initiating social enterprise, what was clear from the interviews and what is also reflected in the literature, is that there are a range of people and partnerships that are needed in order to make a social enterprise successful.

Interviewees identified many important roles in relation to building and supporting social enterprises. These could be seen to represent an ecology of people and partnerships that are networked into and around the social enterprises – as depicted in figure 8. These are not necessarily individuals, but represent important connections for social enterprises across their lifecycles. They are crucial parts of the social networks or the social capital that ensures the viability of social enterprises both economically and socially. The roles represented in figure 8 are identified and outlined in table 1 below.

![Figure 8: An Ecology of Relationships: the social capital that needs to surround a social enterprise](image-url)
<table>
<thead>
<tr>
<th>Position in Relationship to the Social Enterprise</th>
<th>Role</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inside the enterprise: (The inner circle)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>Often the catalyst and initiator of the social enterprise – ‘entrepreneurial spirit’.</td>
<td></td>
</tr>
<tr>
<td>Governors</td>
<td>Ensure compliance with regulations and build strategic direction. Open networks.</td>
<td></td>
</tr>
<tr>
<td>Administrators</td>
<td>Day to day operational and financial management.</td>
<td></td>
</tr>
<tr>
<td>Communicators</td>
<td>Network the organization, communicate about its products/services and mission.</td>
<td></td>
</tr>
<tr>
<td>Employees / workers</td>
<td>Produce the goods or deliver the services – sometimes are the target beneficiaries.</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>Purchase the goods and services either directly or via contracts.</td>
<td></td>
</tr>
<tr>
<td>Close to the enterprise: (The second ring)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Champions</td>
<td>Promote the enterprise, its products, services, people. Open opportunities.</td>
<td></td>
</tr>
<tr>
<td>Formal Partners</td>
<td>Committed support for the enterprise – linking brands and overlapping strategy.</td>
<td></td>
</tr>
<tr>
<td>Mentors</td>
<td>Practical capacity building and learning support based on mutual experience.</td>
<td></td>
</tr>
<tr>
<td>Intrepreneurs</td>
<td>Open opportunities and support in larger systems – ‘innovators on the inside’.</td>
<td></td>
</tr>
<tr>
<td>Support Services</td>
<td>Support the enterprises’ development and/or the employees around impact.</td>
<td></td>
</tr>
<tr>
<td>Community of interest and support</td>
<td>Community that builds around the social enterprise and promotes and builds ‘thick connections’ to assist its development.</td>
<td></td>
</tr>
<tr>
<td>Around the enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financiers</td>
<td>Sources of debt and/or equity capital and investment for the social enterprise.</td>
<td></td>
</tr>
<tr>
<td>Funders</td>
<td>Sources of public grants or philanthropy – often around specific projects/impacts.</td>
<td></td>
</tr>
<tr>
<td>Peers and networks</td>
<td>Other social enterprises and intermediary organizations aimed at support.</td>
<td></td>
</tr>
<tr>
<td>Formal Capacity builders</td>
<td>Intermediary organizations who offer formalized capacity building programs.</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Exploring the key roles in a social enterprises’ ecology

A number of issues were raised consistently in the interviews and consultations regarding this ecology of relationships and some key dimensions of it.

Building skills and knowledge
A consistent theme across all the interviews was that in order for social enterprises to grow and develop, managers and others working with the enterprise need to develop skills in business and financial management, and often also skills related to very specific industry practices and standards (such as design or manufacturing). Not having these skills to begin with was not considered a barrier to starting a social enterprise. However, all interviewees identified the need to develop these skills. Interviewees identified the following as effective ways of building such skills:

- Learning from family or friends (and/or engaging these networks into the enterprise to assist with these skills);
- Learning on the job (though it was also recognized that this often occurred during times of crisis which may not optimize the learning experience in the moment);
- Learning from a mentor;
• Enrolling in a course;
• Learning by developing partnerships with organizations who have access to these skills and engaging them in the social enterprise as partners, pro bono contributors or in paid capacities.

There were, however, some things that interviewees thought could not necessarily be learnt – and they included things such as ‘entrepreneurial spirit’ and ‘sticking tight to the social objectives’. These were the key skills that social entrepreneurs needed to bring into the social enterprise scenario from the beginning.

**Corporate connections in the ecology of social enterprise relationships**

Mentoring was identified by many of the social enterprises as an important part of capacity building, with mentors offering learning from their own experiences. However, what was also clear was the importance of mentors coming from certain kinds of organizations – that is, from social enterprises or from small business. Mentors from other social enterprises or who had social enterprise experience were considered particularly helpful in working with and balancing the tensions between economic viability and achieving social impacts.

A number of mentoring programs for social enterprises have sourced mentors from large corporations – and the experience of this for many social enterprises has been that while good personal relationships may develop, there is often a wide a gap between the realities of corporate employees and social enterprise managers, and therefore the learning is not as effective as it could be.

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"The best mentors were from industry or social enterprise. Being willing to take risks is crucial as we are all innovating. Often corporate mentors don’t get this as they take measured risks. Also the business model is very different - we would like a 90% wages and 10% operating costs split, not the 30/30/30 recommended by corporates."

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However, a number of social enterprises found corporate involvement helpful in relation to the ‘championing’ role – particularly when champions promoted social enterprises and their products/services within and across large corporations. In addition, a number of enterprises had developed corporate partnerships and utilised corporate skills for assistance with specific issues (such as finding distribution channels) or engaging specific expertise and raising awareness of the needs of the target beneficiaries (see, for example the Catherine House case study).

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"Securing industry partners and connections was more valuable than money"

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**Building a stronger social enterprise to social enterprise role in the ecology:**

One of the consistent themes in the interviews was the emerging role a social enterprise ‘sector’ could play in further developing social enterprises into the future. This was raised in two main ways.

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“I have more confidence in people from a social sector background integrating business skills than I do in people with a business lens moving into the social objectives – because the hard economic lens isn’t easily moved”

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First, a number of interviewees commented on the disparate and competitive nature of much of the current social enterprise ‘sector’ – which makes it difficult for new enterprises and for people trying to build the capacity and confidence to initiate a social enterprise. There may
be a need for government to support the organization of the sector through supporting more formalized networks of social enterprises, promoting a national coalition as has happened in the UK (in the form of the Social Enterprise Coalition) or encouraging current intermediaries to develop more membership focused approaches. It is recognized, however, that this is not an easy task, and it will not be possible for government to do this without greater levels of identification of a social enterprise ‘sector’ (that is, the Fourth Sector) from social enterprises themselves. The difficulty of this task was recently described by Barraket et al (2010;p36):

“The relative newness of this terminology (ie. Social enterprise), and the fact that it does not automatically attach to identifiable organizational forms, creates challenges both for conducting research and creating a self-identifying movement or coalition of social enterprises in this country”.

**Recommendation 2: Develop the Social Enterprise Sector Identity and Voice:**
Examine models for developing the sectoral identity of social enterprise (possibly under the banner of ‘Fourth Sector’) and the establishment of membership based coalitions or networks to encourage the organization and collaboration of social enterprises, and to promote the establishment of a social enterprise ‘voice’ that can foster sector-wide support and development.

Second, and linked to the discussion of mentoring above, a number of interviewees raised the importance of peer-based learning in the social enterprise sector (and this was then tested and discussed in subsequent interviews). In particular it was suggested that the learnings of social enterprises could help to inform the development of other enterprises, both in terms of shared information and knowledge, and through peer-based mentorships. Many social enterprises have developed a depth and breadth of knowledge not just about their own businesses and its constituents, but also about how to manage a social enterprise and how to balance its focus on financial viability and social impact. If these enterprises could be supported to develop and ‘package’ this knowledge and then be resourced (through any combination of grants, philanthropy or fee-for-service approaches) to use this knowledge to support the development of other social enterprises, then this would not only represent a new source of revenue for them, but also help sector-wide development. Further, this form of learning and knowledge development could become a better ‘value for money’ option for building the capacity of social enterprises than is currently offered by the growing number of consultants and business development advisors who are moving from the corporate sector into the developing social enterprise market.

Current intermediaries could play a role in helping social enterprises in the packaging process, checking the quality of these packages, and matching peer enterprises.

“There are now more consultants than social enterprises! Many consultants are tagging themselves as social enterprise support people, but they would otherwise have been marketing to the corporate sector. It would be good to use social enterprises to help build other social enterprises, build that knowledge and share that knowledge”.

"52"
Intrepreneurs are as important in the ecology as entrepreneurs

Finally, it is important to highlight one of the roles that was consistently raised in the interviews as key in the ecology of social enterprise relationships – that of the “intrepreneur”. An intrepreneur is a person working in a large system (usually a bureaucracy or large corporation / organization) who innovates within that system in ways that facilitate the development of social enterprises. They often open up opportunities for these enterprises in ways that would otherwise not be considered possible. There were numbers of examples of this raised in the interviews – for example, bureaucrats who were instrumental in establishing social enterprises in very disadvantaged communities, or corporate employees who were able to open purchasing and procurement opportunities for social enterprises. This is another area which requires much closer examination and research. Anecdotally in this research (and in other research undertaken by the author), intrepreneurs are very often women in middle management level positions (where they can broker and translate between social enterprises on the ground and the upper levels of a bureaucracy or corporation).

Right place and base

One of the more subtle elements of success across the social enterprises that were interviewed and consulted as part of this research was their connection to place, and their base in a particular community of identity or locality. This was fundamentally linked to the role of social enterprises in creating pathways out of exclusion and towards both social and economic inclusion.

This may be because disadvantage and social exclusion in Australia is often spatial in nature and concentrated in particular localities (see Vinson, 2007). Further, particular places are often the sites of multiple disadvantage or ‘wicked’ problems, as Daly (2006; p11) suggests:

“... people or places suffer from a series of problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, ill health and family breakdown. When such problems combine they can create a vicious cycle."

Research indicates that there are also particular links between women’s exclusion and place, with women and sole parents (who are often women) facing an exacerbation of disadvantage in certain marginalised or excluded communities due to lack of access to transport, higher levels of violence, lack of access to child care or few employment options (see for example, Lawson, 2008; Fincher and Saunders, 2001).

Recommendation 3: Support Peer Knowledge Development and Mentoring in the Social Enterprise Sector:

Focus on providing assistance to social enterprises to ‘package’ their learning and knowledge development as resources that can be traded, shared with other enterprises or become the basis of peer-to-peer mentoring. This could be done by either directly supporting social enterprises or through the growing network of social enterprise intermediaries (for example, Social Traders, SVA and/or Social Firms Australia).

3 ‘Wicked’ problems are complex, multi-causal problems that “go beyond the capacity of any one organization to understand and respond to, and there is often disagreement about the causes of the problems and the best way to tackle them” (APSC, 2007, p. 1). Examples include crime, obesity, Indigenous disadvantage, climate change.
The links between place and social enterprise have not been adequately researched in Australia. However numbers of recent reports have indicated or implied the importance of place in relation to both success and impact of social enterprises (see for example, Klein, 2004; Barraket, 2009; Burkett, 2010). In the current research a number of social enterprise managers commented on the importance of place, place-based social relations, connections to particular communities or housing estates, and the importance of localized networks and social capital in initiating, developing and growing social enterprise. In addition, the impacts of social enterprises can most readily be assessed in relation to local communities and places, and many of the interviewees listed particular impacts on particular localities.

“Even at this stage of the journey, the focus is still on the capacity for quality relationships. This makes geographical or production expansion a challenge unless we have extra staff to visit the women, spend time over the cup of tea and maintain the relationship focus of the venture”.

Place-based approaches to social enterprise can ensure that:

- The needs, characteristics and demographics of particular contexts can shape the development of social enterprise, ensure its relevance to target beneficiaries and create opportunities for participation;
- Particular strategies such as capacity building, funding, investment and social procurement can be targeted at social enterprises working in and around particular communities to maximize the possibilities of impact and the added benefits of integrated networks;
- Social enterprises grow from the strengths and assets of particular communities and link to industries that are relevant to people in those communities;
- Impacts across communities can be tracked beyond and across social enterprises, and integrated with third sector work, public sector programs and private sector involvement to present more holistic assessments of the role of social enterprise in promoting social inclusion.

Place-based approaches can also be particularly important for women’s participation in social enterprise. Access to childcare, reductions in the costs and burden of travel, possibilities for more flexibility in relation to balancing work and family commitments can all contribute quite profoundly to women’s participation in employment, whether this be in social enterprises or in other sectors. A number of the interviewees commented on the importance of these considerations on the impacts of social enterprises both for individual women and for their families and communities.

“Residents of the estate work here because it’s close, their children are at the school here and they are linking to their community while they’re at work. And there are ripple effects, it’s not just the women who benefit, but their families and It’s had a huge impact for this community”

Of course it should also be recognized that place does not always or only have positive impacts on social enterprise work, and can lead to insular or parochial approaches if focused too narrowly on inclusion only of people from particular places. The following illustration of this highlights some of the tensions that can arise when the focus becomes too narrowly place or identity focused to the exclusion of outside experience or advice – but it also highlights some of the structural barriers that exist for many people in moving from the welfare system to employment, even if this is in a social enterprise context. This was a reference to a resident-led social enterprise initiative, which operated for a number of years, but which eventually ceased operations. The structural issues that are highlighted should
also be noted as potential barriers for social enterprises as pathways out of poverty and exclusion.

“There was a social enterprise here, but it didn’t work out. It started off well – it started off being entrepreneurial but got stuck between a rock and a hard place. Some of it was about the people – they didn’t have the skills, but were not open to take advice and respond to the market. They wanted to do it alone. They priced themselves out of the market. When the leaders left, the whole thing folded. And then it was also hard because they were working for lots of hours for little pay as they had limits on what they could earn in relation to Centrelink benefits. Some advocacy was done but every single person had a different circumstance. So, for example they would have a big catering job on but Job Network may tell them they had to come in and then they would let the team down. The philosophy of if you work you get paid was contradictory with welfare experience”.

Technologies such as the internet have also created new opportunities for place-based social enterprises in manufacturing industries, as this opens possibilities for continuing to ground ‘production’ and ‘impact’ of social enterprises in communities, while the consumption of the goods produced could be national or even international (see for example Red Cockatoo and Biddy Bags case studies). This was mentioned as presenting possibilities for even remote communities where the local market is very limited, but where internet marketing could be utilised for access to a much greater consumer market.

The idea of a ‘base’ in addition to the importance of place, highlights the importance of grounding social enterprise in the particular assets, needs and realities of communities of identity in addition to locality. So, for example, developing social enterprise in remote Indigenous communities presents very different opportunities and challenges to those involved in inner city social enterprises in Melbourne or Sydney. It is beyond the scope of this research project to explore in detail these differences, however two broad insights from consultations with workers in and around remote communities serve to highlight important issues for consideration.

First, there is a great deal of interest and experience in regional and remote Indigenous communities in social enterprise – particularly since the Community Development Employment Project (CDEP) programs have been wound up. Though the concept of social enterprise is new, it should be recognized that many Indigenous communities have existing organizations who have developed enterprising solutions to local issues. In addition, many of these enterprising solutions have been initiated and championed by women, however the impacts have been community-wide rather than women-focused. Some of the work that has occurred in Central Desert areas, for example, has not been referred to as ‘social enterprise’ but has many of the characteristics of this sector, and much of it has been led by women (see for example, Waltja Tjutangku Palyapayi Aboriginal Corporation).

Second, gender is a particularly important dimension of social enterprise work in Indigenous communities (and not only in reference to women). Much of the publicly discussed work about social enterprise in Indigenous communities has focused on and been publicly led by men. However, there is also a deep recognition of the central role that women play in creating pathways out of poverty in these communities, even if many of the current social enterprise initiatives are focused on predominantly men’s employment.
**Recommendation 4: Advocate for and highlight the importance of place-based approaches to social enterprise development:**

If social enterprise is to create pathways out of poverty and social exclusion (particularly for women) then it must be grounded in places and should link to the particular needs and realities of its target beneficiaries. Focusing on place-based approaches can maximize impact, particularly when social enterprises are networked and integrated in particularly disadvantaged communities, and they are resourced with targeted funding, procurement and capacity-building.

**Right industry-impact connection**

If social enterprise is to be a pathway towards social inclusion of women, then care needs to be taken to ensure that enterprises develop in industries where there are not only immediate ‘job’ and training opportunities, but where these opportunities can lead to longer-term options for women. Such options include:

- Employment choices – particularly stable options with living wages (whether or not this is full-time work);
- Further education and training opportunities; and
- Extensions of social and job related networks.

Currently there is much focus, particularly in ‘pathway’ social enterprises and intermediate labour market programs, on opening opportunities for people with low skills who have been unemployed for long periods of time. Many of these enterprises are built around low skill employment areas – for example, landscaping, maintenance, cleaning and catering. This means that the enterprise creates a relatively easy stepping stone for people who may not have high skill levels into an environment where they can be employed and access training to develop their skills.

However, if these enterprises are truly to become a pathway for addressing poverty and exclusion, it is important to examine what opportunities are opened up at the other end of the pathway – that is, when people have completed their training period and are ready to transition into mainstream employment. One of the difficulties that needs more discussion in the Australian social enterprise arena is that there are groups of people who are employed, but remain poor – that is, the so called ‘working poor’. Some research has argued that: “Australia’s traditions of wage regulation and a safety net of government income support mean that paid employment is generally a guarantee against being in poverty” (Payne, 2009:p61).

However, the working poor were recognised in the Senate Inquiry into Poverty (2004) as a significant new group of poor in Australia. The working poor are often in casual, part-time work in service sector industries (Masterman-Smith and Pocock, 2008). And, they are often women (Tarrant, 2007).

According to Masterman-Smith and Pocock (2008) the working poor do not just experience income poverty, they are also time poor, and this drives deeper social exclusion as there are pressures on family relationships, higher costs (in terms of travel for example), less opportunities to develop social networks and fewer benefits (no offsetting of health costs or travel costs by the employer). The working poor also have a reduced capacity for asset building and savings, they are more likely to experience financial stress, and they have fewer opportunities for moving out of employment that is low paid and casual (Masterman-Smith and Pocock, 2008).
According to recent research (Buchanan, 2006; Masterman-Smith and Pocock, 2008), the industries in which there is a high percentage of casualised, low paid employment, and which therefore can result in people being ‘working poor’ are:

- Accommodation, cafes and restaurants
- Retail
- Cultural and recreational services
- Health and Community Services
- Cleaning

For women these industries can be attractive, as can casual or part-time work, as it can enable them to “better conciliate family with work” (D’Isanto et al, 200?). However, there are tensions in this – not least are the tensions in negotiating what is known in Europe as ‘flexicurity’ – that is, that the flexibility of the work in terms of hours needs to be balanced with security of income and employment benefits such as sick pay and holidays (Leschke et al, 2006).

Care needs to be taken in the social enterprise sector to ensure that the pathways created for people (and particularly women) do not actually lead to scenarios where they have a job but remain poor and socially excluded. The impacts that are sought from pathway social enterprises are transitions to secure employment and improved incomes, and thus there is a need to ensure that the industries around which social enterprises are developed offer possibilities for such impacts to be realized.

A number of interviewees raised concerns about the narrow industry focus of many social enterprises and what limitations that could place on women’s capacities to move out of poverty.

“There is an assumption (in the sector) that Social Enterprises can really only offer menial work. We need to be creating opportunities across all different types of jobs. IT, marketing, PR, graphic design and other creative industries”.

“It’s not just about creating jobs. It’s about creating meaningful work opportunities”.

There was a sense also in many of the interviews, that there is still a very gendered approach to industry selection in the social enterprise development process. There was discussion around women in the service sector, cleaning or care based enterprises, and engaging men in construction, maintenance, property services. Although there were some enterprises that had broken out of this discussion, there was no sense of challenging gender stereotypes in social enterprise, and relatively little discussion about engaging women in new and emerging industries.

“Enterprises currently are not forging in new industries, new technologies, new areas. We tend to stick to catering, gardening, maintenance, lower skilled things, which are perceived to be easier to do. A few new industries but I don’t think we’re thinking and investing in that as much as we could. We’ve taken the easy path - recycled clothing, various versions of that, recycling projects, which is all great in terms of local level. But there’s not a lot of diversity in what we do in the enterprise space. And we need to recognize that environmental, green, new technologies are hard, because a lot of it needs a lot of investment. How would a social enterprise get into that?”
Interestingly, it was some of the smaller and independent social enterprises that had begun to more clearly challenge both gender construction of industries and engage in newer or different industries (for example, see the Social Studio case study). In addition, gender was very much at the forefront of interviews and consultations with Indigenous social enterprises in remote communities, where women are often recognized as social innovators, but where economic opportunities often bypass women (this was recognized in a number of consultations, however few interviewees discussed ways to rectify this situation).

This is a challenge for social enterprise – and it is a challenge that needs to be addressed if social enterprise is actually going to create pathways for women’s inclusion.

Recommendation 5: Encourage and open up opportunities for greater diversity in social enterprise industries:
Funding and investment in social enterprise needs to promote engagement with new and emerging industries (such as ‘green’ business and technology). Further, women’s participation in social enterprises focused on these new industries, should be encouraged, promoted and rewarded.

Right Structure
Social enterprises in Australia operate using a variety of legal structures which are predominantly but not exclusively ‘non-profit’. Recent research indicates that just over half of Australian social enterprises operate as ‘incorporated associations’ and almost a quarter operate as a ‘company limited by guarantee’ (Barraket et al, 2010;p26). In the current research most of the enterprises that were interviewed and consulted operated under the legal structures of ‘company limited by guarantee’, ‘incorporated association’ or ‘cooperative’. Some were not independently incorporated structures but operated under the structure of larger non-profit organizations, or were auspiced by these structures. The most common legal structures used by social enterprises, their challenges and opportunities are outlined in Table 2 below.

<table>
<thead>
<tr>
<th>Legal Structure</th>
<th>Overview</th>
<th>Challenges</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company Limited by Guarantee (Ltd)</strong></td>
<td>• Regulated under Federal law – activities can occur anywhere in Australia; • Non-profit company with members rather than shareholders; • Some regulations that apply to for-profit companies also apply here (eg. Duties and penalties of directors).</td>
<td>• High establishment and compliance costs, and more stringent reporting than incorporated association. • No options for equity capital.</td>
<td>• Can offer some of the benefits of both corporate and non-profit worlds and therefore access to earned income, debt capital, and grants/philanthropic capital. • National registration mean that they can trade nationally.</td>
</tr>
<tr>
<td><strong>Cooperative - Trading (for profit)</strong> - Non-Trading (non-profit)**</td>
<td>• Regulated under state law. • Can be either for-profit or non-profit (with built in clause for non-distribution in its constitution) • Operate on cooperative principles, including one member, one vote, which can make it difficult for</td>
<td>• Reporting and governance structures can be onerous • Can be less understood by financial institutions and investors.</td>
<td>• Can build share capital into the structure • Can join social mission and objectives with democratic governance and a legal structure that draws on the benefits of company law.</td>
</tr>
</tbody>
</table>
Incorporated Association (Inc)
- Regulated under state laws
- Non-profit
- Not suitable for groups who wish to undertake significant trading, so needs to be considered carefully in terms of being a suitable vehicle for social enterprise.
- Can be quite difficult to attract non-grant capital
- Can be hard to develop a culture that moves beyond grants.
- Can be best where the social mission is much more pressing than the possibilities for financial returns.

Partnership
- Regulated under state laws
- Can be incorporated or unincorporated
- Partners (at least 2) join together in pursuit of profit
- Can be difficult to articulate the social purpose to others given the legal structure.
- Can be risky financially for the partners involved.
- Can be difficult to access grant or philanthropic capital and to build in the ‘for benefit’ or social mission (with non-profit intentions) into the structure.
- Can open up possibilities for accessing a wider range of options for non-grant capital.

Indigenous Corporation
- Regulated under federal laws – activities can occur anywhere in Australia
- Only available to Indigenous organizations
- Can be for-profit or non-profit (with non-distribution clause in constitution).
- Extra reporting requirements – to ORIC, Office of the Registrar of Indigenous Corporations.
- Suitable for social enterprises operating in Indigenous contexts.

Proprietary Limited Company (Pty Ltd)
- Regulated under federal laws - activities can occur anywhere in Australia
- Primarily for-profit, though can be structured with a non-profit intent (though it would be hard to obtain charitable status).
- Tax liability
- Can be difficult to structure in a ‘for benefit’ clause or social mission
- Difficult to access grants or philanthropy.
- Ease of setting up and reporting
- Relative ease of attracting investment capital and debt capital
- Governance structures can be relatively straight-forward.

Company Limited by Shares (Ltd)
- Regulated under federal law - activities can occur anywhere in Australia
- Can be private or public (if public it is subject to investor protection provisions).
- Can be difficult to enshrine the social mission into the structure long term (equity partners may not always share original social vision).
- Capacity to offer and hold equity capital.

Table 2: Different legal structures for social enterprises

In relation to how social enterprises can develop pathways for women’s social inclusion, ensuring that an enterprise has the ‘right structure’ is important for three major reasons:

1. Legal structures can influence what the social enterprise can do, and can have cultural and governance implications that shape the nature of the pathways that may be created. Incorporated associations, for example, have limitations around trading, and this will necessarily shape the nature of social enterprises that utilise this legal form (which is interesting given the finding of the FASES research that this was the most common legal form of the social enterprises surveyed). Also, given that some of the key legal forms are state based, this can limit a social enterprises’ reach or ability to undertake activities more broadly across the country.
2. Legal structures can limit the types of capital that is available to a social enterprise, with implications for how the enterprise can be resourced (see Burkett, 2010). Because social enterprises often seek hybrid capital, that is, both grant capital and debt finance (and in some cases, equity capital), legal structures can limit capital options (for example, incorporated associations may face barriers to accessing debt capital, and in most cases cannot access equity capital).

3. It is not only legal structure that is important in developing pathways for inclusion, but also what sort of governance processes that are mandated by legal structures, and where women sit in relation to the governance of social enterprises. While some recent research (Teasdale, 2009) indicates that opportunities for addressing exclusion are increased and magnified as people who have been excluded move into managerial or governance roles within social enterprises, this research needs further testing, particularly with a gender lens (as the results were limited to men in social enterprises). In the current research a number of social enterprises reported that women were reluctant to take on managerial or governance responsibilities due to family commitments or because they just wanted employment, not ownership, especially when the financial sustainability of the social enterprise was tenuous (see particularly the AMES case study). In other cases, women played key roles across the social enterprises, though these were not always the women of the target group. Indeed in most of the social enterprises, the target beneficiaries were not involved in governance, although some reported that there were plans for participation.

There has been some debate in Australia about whether it is necessary to develop a ‘new’ legal form that can address some of the limitations of the current forms but also provide a common and readily identifiable legal structure for social enterprises across the country. Examples of such structures overseas include the Community Interest Company (CIC) in the UK or the L3c company that is being developed in some states of the US. There is little available research on how well these legal structures have addressed the structural concerns of social enterprise. However judging by commentary by various entities who have utilised the CIC in the UK, the debate about the benefits of new legal structures versus the older more established legal forms is still very much alive, and there is not yet sufficient evidence to suggest that CICs are any more effective or easier to operate as social enterprises.

“I changed from a sole trader to a not-for-profit company. Government is not ready to view a business enterprise as a social enterprise. It is a lot about perception. I was told by a local government that they were ready to engage with us (but couldn’t fund me as a Sole Trader). So I needed to move to a company structure but it hasn’t changed the way I work. I can feel more supported as I have Directors who can assist with decisions. So I may have support with growth. And the company structure enables me to work on a national level rather than a state level.”

In the current research interviewees indicated that it was not necessarily a new legal structure for social enterprise that was needed but better information about different structures, and also better coordination between the State and Commonwealth regulations around existing structures. In many ways this supports the Productivity Commissions recommendations for the Not for Profit Sector Office of Engagement and a specialist Registrar that could act as a ‘one-stop shop’ for matters related to non-profit structures and coordination (see chapter 14 of the Productivity Commissions report into the non-profit sector, 2010). Further, it was clear that social enterprises were both capable and innovative in relation to assessing the appropriateness of legal structures. A number of the enterprises had ‘evolved’ into their current legal structures – having started as sole traders or partnerships, and then evolved into companies limited by guarantee or incorporated.
associations when it was clear that the former structures limited their development as social enterprises.

A few of the social enterprises started as ‘joint ventures’ either as an initiative of a single organisation in collaboration with particular community groups (see for example the AMES case study), or as a joint venture between organisations and sometimes across sectors (see for example the Fair Repairs case study). This not only addressed issues of risk but also utilised the resources of existing organisations (financial, intellectual and human resources) to leverage social enterprises that could become independent entities in the future. These joint venture social enterprises had not become independent at the time of this research, and some had actually decided not to delink from the original organisation (see the AMES case study) for a variety of reasons, including that the workers were not ready to become owners, particularly when the financial viability of the enterprise was not proven.

**Recommendation 6: Develop national information systems and coordination across jurisdictions to ensure social enterprises have the best possible opportunities to choose and use appropriate legal structures.**


**Right Resources**

Social enterprises are resourced in many different and blended ways – their financial resources include diverse income streams, their human resources rely on both paid and unpaid workers and their support services include a mixture of pro bono and commercially purchased expertise. Many social enterprises have blended incomes (their revenue incorporates earned income, government grants, donations and philanthropic grants). Recent research suggests that earned income represents a significant proportion of income for social enterprises (over 85%) primarily derived from the sale of goods and contracted services (Barraket et al, 2010:p28).

The social enterprises interviewed in this research also had blended resource bases and all were acutely aware of the need to keep track of their financial viability and sustainability over time. All the enterprises had a mix of paid and voluntary staff and some commented on the amount of unpaid ‘sweat equity’ that was needed in the early stages of developing a social enterprise. The financial resources were also diverse, coming from retail sales, contracts, grants, donations, bequests, sponsorship, customer service and loans from family and friends. All the enterprises derived or planned to derive the majority of their income from earned activities rather than grants.

Four particular issues were raised by interviewees in relation to ensuring the ‘right resources’ flowed into and supported social enterprises:

1. The timing of funding;
2. The role of debt capital and financing;
3. The need to cover both support costs and production costs;
4. The potential role of increasing contracted income.
The timing of funding

A number of interviewees commented on how important it was to ensure that grant funding was timed correctly – with many suggesting that if grant money was provided too early then this could jeopardize the long-term success of the social enterprise. Although it was recognized that there was a need for some kind of funds at the start of an enterprise, many of the interviewees suggested that the monetary amounts were actually relatively small and that other non-financial support (such as expertise and infrastructure support) could actually be of greater assistance.

“You do need funds at the start-up phase but not too much. There needs to be some proof or accountability of what you are doing and projects would need to (demonstrate) their potential.”

A number of interviewees commented on the need for some risk taking on the part of the social entrepreneur or the organization initiating the enterprise, and that grant funding should not negate this risk-taking as it was an important part of ensuring a viable social enterprise.

“(If I was investing in social enterprise), I would support with the expertise that’s required up-front, then wait to see if there is the passion, commitment and hard yards put in and invest later in the infrastructure once the team have proven themselves”.

It was not that there was a mindset against government funding amongst the enterprises, rather there was a recognition that certain things needed to be in place before grant funding was considered. These included the entrepreneurial spirit and willingness for risk, demonstrated energy, leadership, some kind of business plan, and a demonstration of external support for the initiative.

“I wanted this to be independent, take risks and experiment and not be beholden to other agendas. So at the beginning I worked part-time… to support my role. I did the business plan and set up the incorporated agency and got charitable status and applied for all grants possible (approx 35 in 6 months). Once we showed what we could do and had serious support it became easier. But all the grants have been one-offs”

Discussions and interviews with funding bodies as part of this research indicated that there was little support for ‘start-up’ funding without some demonstration that the idea was viable and that there was sustained energy and commitment. This indicates that practices such as self-funding, joint ventures, or innovative financing initiatives such as matched funding or planned loans (see Burkett, 2010:p15), may be options that could be considered by new social enterprises or potential social entrepreneurs.

Recommendation 7: Critically examine the best uses of grant funding for social enterprise development:

Recognise that timing of grant-funding for social enterprise impacts on both the viability and ultimate success of an enterprise, and examine what other non-funding roles government could play in the early stages of social enterprise development (for example, is it possible to develop services such as ‘Enterprise Connect’ focused on social enterprise development and capacity building?).
The role of debt capital and financing

None of the social enterprises that were interviewed or consulted for this research had obtained debt capital, and there was a certain degree of distrust expressed in relation to using debt to finance social enterprise.

“I was very reluctant to start the enterprise in debt. So, when we launched we had stock and no debt!”

Limited use of debt by social enterprises was also indicated in two other recent studies. Barraket et al (2010) found that social enterprises that were over five years old made very little use of debt finance. However this study also indicated that newer social enterprises (ie. those under five years old) made substantially more use of debt finance as part of a diverse, blended income stream (Barraket, 2010:p29). Burkett (2010) found that use of debt capital amongst the social enterprises in her sample was limited, that there was: a reluctance to obtain capital through debt; a preference for grant and philanthropic capital; and, in addition, that there were actually few options available for social enterprises that wanted to obtain debt capital. There are barriers for social enterprises in accessing debt capital from mainstream financial institutions – however this is mainly centred on cultural issues rather than structural impediments. Financial institutions are not always aware of social enterprises and their differences from traditional non-profits, and social enterprises themselves are often unfamiliar with commercial lending processes and what they need to demonstrate in order to obtain debt capital. In addition, if debt capital is to become useful for social enterprises there will be a need for capacity building (both in social enterprises and in financial institutions) to ensure that the use of this capital is actually helpful to the enterprises in meeting their social objectives. If the barriers and fears about debt and equity capital can be addressed in the social enterprise sector, then both these forms of capital, along with grant capital (from government grants and philanthropy) could provide a much more comprehensive mix of capital that could support and grow the sector in Australia. A mixed resource environment could better provide for the various forms of capital that are needed across the lifecycle of social enterprises (as illustrated in figure 9 below).

![Figure 9: How a mix of capitals could resource social enterprise over the lifecycle](image)

**Recommendation 8:** Actively raise awareness about the important and complementary role that finance could play in the development of social enterprise:

Encourage dialogue and partnerships between financial institutions and social enterprises to further the opportunities for debt and equity capital to complement grant capital over the lifecycle of social enterprises.
The need to cover both support costs and production costs
One of the key challenges for social enterprises is balancing the production parts of the enterprise (the production of goods and services, or the ‘business’ of the enterprise), and the support or impact systems (ensuring that the enterprise is meeting its social objectives, and supporting the target beneficiaries, be they employees, trainees, customers or clients). In all the enterprises this balance was raised as a constant tension (see particularly the AMES, Biddy Bags and Social Studio case studies).

“The business is a means to an end. It needs to be able to retain the focus and…hold true to its social objectives”.

The costs of generating a social impact through social enterprises does need to be covered, and it is not always possible to cover this through the surpluses from the business of the enterprise. This is particularly the case for ‘pathway’ enterprises and ILM models of social enterprise where there are high support costs (to cover training and support for workers) and where the constant turnover of staff means that the enterprise is continuously working with staff who are less productive and require more support. This can reduce the overall capacity of the enterprise to generate significant surpluses. In these social enterprises it may be necessary and appropriate for ongoing grants and philanthropic donations to cover the support costs – and this may actually be more cost effective than traditional job service programs (see for example, Klein, 2007). Funding these social enterprises should be focused on support, participation and impact costs and supporting infrastructure and development costs, rather than subsidizing or covering actual operating or production costs as this will ensure that the social enterprise is as viable as possible for the long term (see Burkett, 2010;p50).

Recommendation 9: Acknowledge that some models of social enterprise (particularly ‘pathway’ and ILM models) require continued funding for support costs and that this is a necessary part of their blended income.
Undertaking more detailed research about the costs and benefits of these models and their impact as compared to other employment programs, will likely assist in demonstrating the value of continuing to fund and support these social enterprises.

The potential role of increasing contracted income in social enterprises
A number of the ‘pathway’ social enterprises interviewed for this research spoke of the importance of contract work (ie. work that had been contracted or subcontracted to the enterprise for a period of time, that involved regular, predictable income). The contracts they referred to were for the provision of goods and services that were not focused on social service provision (in one case, the contracts were for public housing estate cleaning, maintenance, repairs and landscaping, and in the other case the contracts were focused on cleaning local government properties). These are examples of what is termed ‘social procurement’. Social procurement is focused on how procurement processes and purchasing power can generate social impact in addition to effective and efficient goods, services and works.

In other words, social procurement refers to the inclusion of social matters into the procurement and purchase of “goods, services and works that ordinarily do not have such requirements as defined or measured outcomes” (Anthony Collins, 2006;p5). So, for
example, if a public sector department is procuring waste management services, it could value-add to these services by considering how the contractor could generate local employment, particularly amongst the most disadvantaged groups in the community. Alternatively, a company looking to tender out some landscaping may consider how they could encourage the contractor to subcontract work to social enterprises who train and employ local people who have previously been long-term unemployed.

For some social enterprises that can deliver these goods and services and generate social impacts in the process, this represents a crucial way to regulate work and ensure continuity of employment.

“Contracts smooth the work out – if you’re reliant on work walking in the door then it’s hard to manage the flow of that work – some days there’ll be too much, other days there’ll be too little. So pursuing contracts is a way of regulating the flow of the work – you know what’s there to do, how many people you need to do it, and how long it will take. It makes the work flow more certain, and for the employees, it makes their ongoing employment more certain. Strength, sustainability.”

Social procurement in Australia has not been adequately researched until quite recently (see for example, Burkett, forthcoming; Barraket, 2009b). However, there is growing momentum to examine how public procurement could value add to the provision of goods and services by ensuring that social enterprises are able to compete for work or be considered as subcontractors to commercial suppliers who secure competitive tenders.

Further, if social procurement is to be developed further in order to ensure that social enterprises can effectively create pathways for women’s social inclusion, it is important that gender outcomes be considered or even specified in procurement processes. Currently advocates for the inclusion of social clauses into contracts are not actively considering targeted gender strategies. However, these could be very effective in promoting and encouraging mainstream and social enterprise contractors to ensure that women are employed and included in their operations.

**Recommendation 10: Make greater use of social procurement in ensuring that social enterprises are able to create pathways for women’s economic and social inclusion:**

Better use could be made of social clauses to ensure that social enterprises are able to compete for public contracts, and to highlight and promote the employment and training of women by both social enterprise and mainstream contractors.
Summary of Recommendations

Recommendation 1: **Promote Women in Social Enterprise:**
Government should play a lead role in promoting the role of women in social enterprise and social entrepreneurship and provide information particularly aimed at women about how they can engage in and lead social enterprise development in Australia.

Recommendation 2: **Develop the Social Enterprise Sector Identity and Voice:**
Examine models for developing the sectoral identity of social enterprise (possibly under the banner of ‘Fourth Sector’) and the establishment of membership based coalitions or networks to encourage the organization and collaboration of social enterprises, and to promote the establishment of a social enterprise ‘voice’ that can foster sector-wide support and development.

Recommendation 3: **Support Peer Knowledge Development and Mentoring in the Social Enterprise Sector:**
Focus on opportunities to assist social enterprises to ‘package’ their learning and knowledge development as resources that can be traded and shared with other enterprises or become the basis of peer-to-peer mentoring. This could be done by either directly supporting social enterprises or through the growing network of social enterprise intermediaries.

Recommendation 4: **Advocate for and highlight the importance of place-based approaches to social enterprise development:**
If social enterprise is to create pathways out of poverty and social exclusion (particularly for women) then it must be grounded in places and should link to the particular needs and realities of its target beneficiaries. Focussing on place-based approaches can maximize impact, particularly when social enterprises are networked and integrated in particularly disadvantaged communities, and they are resourced with targeted funding, procurement and capacity-building.

Recommendation 5: **Encourage and open up opportunities for greater diversity in social enterprise industries:**
Funding and investment in social enterprise needs to promote engagement with new and emerging industries (such as ‘green’ business and technology). Further, women’s participation in social enterprises focused on these new industries should be encouraged, promoted and rewarded.

Recommendation 6: **Develop national information systems and coordination across jurisdictions to ensure social enterprises have the best possible opportunities to choose and use appropriate legal structures:**
Advocate for the inclusion of social enterprise in any Federal Government actions on integrating and centralizing the regulation of third sector organizations stemming from the recent Productivity Commission Report on the Third Sector.

Recommendation 7: **Critically examine the best uses of grant funding for social enterprise development:**
Recognise that timing of grant-funding for social enterprise impacts on both the viability and ultimate success of an enterprise and examine what other non-funding roles government could play in the early stages of social enterprise development.

Recommendation 8: **Actively raise awareness about the important and complementary role that finance could play in the development of social enterprise:**
Encourage dialogue and partnerships between financial institutions and social enterprises to further the opportunities for debt and equity capital to complement grant capital of the lifecycle of social enterprises.

Recommendation 9: **Acknowledge that some models of social enterprise (particularly ‘pathway’ and ILM models) require continued funding for support costs and that this is a necessary part of their blended income:**
Undertake more detailed research about the costs and benefits of these models and their impact as compared to other employment programs will likely assist in demonstrating the value of continuing to fund and support these social enterprises.

Recommendation 10: **Make greater use of social procurement in ensuring that social enterprises are able to create pathways for women’s economic and social inclusion:**
Make better use of social clauses to ensure that social enterprises are able to compete for public contracts, and to highlight and promote the employment and training of women by both social enterprise and mainstream contractors.
Conclusion
Social enterprises can provide a mechanism for creating pathways for women’s economic participation and alleviation of poverty in Australia. Social enterprises can assist women to develop personal and work-related skills, build confidence and networks, access work experience and build long-term employment opportunities. Social enterprises have the capacity to address women’s social exclusion and poverty, not only through the provision of employment, but also in relation to the multifaceted nature of these indicators of disadvantage. Social enterprise, therefore, could be an important mechanism for building an inclusive society in Australia.

However, social enterprises are not a panacea for addressing women’s social exclusion or poverty, and it needs to be recognised that there is currently relatively little empirical evidence available that could bridge the gap that exists between policy expectations of what social enterprise can deliver and the reality of many challenges that face social enterprise development in Australia. This gap needs to be filled with further research that examines and tracks the real impacts of social enterprise in relation to addressing social exclusion and poverty.

Further, this research has uncovered some challenges that relate particularly to the question of whether social enterprises can create pathways for women’s inclusion and participation. As there is very little research into the gender profile of social enterprises (either in Australia or internationally), accurately and definitively answering this question is somewhat difficult. However, a number of the challenges identified in this research for engaging women in social enterprises could begin to outline some clear ways forward for policy and practice in Australia. These are outlined in the table below.

<table>
<thead>
<tr>
<th>Challenges for ensuring social enterprise creates pathways for women’s inclusion and participation</th>
<th>Key ways forward</th>
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</thead>
<tbody>
<tr>
<td>Engagement of women in social enterprise.</td>
<td>Developing a greater visibility of women in the social enterprise sector – and heightening awareness of women’s roles in developing the sector. Developing public ‘role models’ of women who have succeeded at all levels of the social enterprise sector.</td>
</tr>
<tr>
<td>Engagement of women at all levels of social enterprise management and governance.</td>
<td>Supporting a closer examination of the roles women play in social enterprise and what supports are needed to encourage women into management and governance leadership roles. Further exploration of innovative leadership structures that encourage women’s involvement (eg. joint leadership, women to women leadership mentoring)</td>
</tr>
<tr>
<td>Engagement of women in social enterprises that are developed in industries where there are opportunities for further economic progression and participation.</td>
<td>Longer term support for development of social enterprises in non-traditional and emerging industries (eg. green technology) and exploration of joint ventures to support these enterprises, with involvement of women from the outset. As many of these industries require upfront investment, much more creative work needs to be undertaken in planning the resourcing of such social enterprises.</td>
</tr>
<tr>
<td>Engagement of existing women’s organisations in exploring the potentials for developing social enterprises that are built into and onto place-based work they are already undertaking.</td>
<td>Acknowledging the work that is already taking place in many women’s organisations around economic participation and developing materials and processes for engaging these organisations in an examination of social enterprise. Developing specific incentive</td>
</tr>
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</table>
programs for women's organisations engagement in the social enterprise sector.

| Engagement of researchers and practitioners in explorations of women and social enterprise to develop deeper knowledge of the gender impacts of various types of social enterprise | Encouraging research into gender dimensions of social enterprise, particularly publicly accessible research that could stimulate further practical explorations of women in the sector. |

**Table 3: Addressing the challenges of women’s engagement in social enterprise in Australia**

There are clearly challenges for the development of the social enterprise sector in Australia generally, in addition to challenges for engaging women in the sector more specifically. Some recent government initiatives at both state and federal level have recognised the potential of social enterprise for contributing to an inclusive Australian society. The recommendations outlined in this report build on these initiatives and outline some of the key ways in which government could support the development of the social enterprise sector in Australia into the future.
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Aiken, M. (2007) 'Think pieces on the role of social enterprise in creating and maintaining employment for disadvantaged groups', Commissioned by Department of Communities and Local Government, Cabinet Office, UK.


Senate Community Affairs References Committee (2004) *A hand up not a hand out: Renewing the fight against poverty*, Report on poverty and financial hardship, Canberra, ACT.


