

Submission to the Victorian Government Social Enterprise Strategy

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In developing this submission for the next iteration of the Victorian Government Social Enterprise Strategy from 2021 onwards, I have been informed by the development of the social enterprise sector in Australia since the 1990's, including experience as a founding member of the failed Social Entrepreneurs Network in 2000, work with WorkVentures in NSW and Social Traders in Victoria, and recently seven year's work in the UK and Europe in the 'social economy' sector. My views are also informed by the July 2020 [Transforming Wales Through Social Enterprise and](#) the established [Scottish Social Enterprise Strategy 2016-2026](#).

My starting premise is that social enterprise has the potential to:

- address some of the recurrent social issues we face, and address them at source;
- act as a mechanism for individual empowerment, helping individuals deal with the socio-economic and social exclusion issues they face;
- act as a mechanism for community empowerment, helping communities deal with issues they face;
- provide a unique 'hybrid' model combining 'business' with 'social impact' that is difficult and often out of reach for both government and market focused entities;
- provide a positive influence on the world of commerce, modelling a more ethical way of doing business;
- model and encourage more innovative, entrepreneurial solutions to ongoing social and environmental challenges;

Added to this starting premise is the firm conviction, based on local and overseas experience, that governments can apply their resources effectively to enable social enterprises to prosper and deliver social and environmental benefits across a broad spectrum of the community, and in doing so make a significant contribution to the wellbeing of all their citizens.

I note that the renewed Victorian Social Enterprise Strategy 'prioritises driving employment participation as part of inclusive economic growth' and it is this priority that is the focus of this submission. I will focus specifically on Theme 1 as it is most relevant to the priority of 'driving employment participation', and rather than 'reinvent the wheel' refer those formulating the Victorian Social Enterprise Strategy to both the Welsh and Scottish strategies noted above.

Theme 1: Skills and capability development

I specifically address the following two questions:

- What are the current skill and capability development needs for Victoria's social enterprises?
- What models of delivering such development are working well and what changes are needed?

Current skill and capability development needs

After seven years overseas, it is apparent as the discussion paper observes that 'there has been some contraction and concentration of intermediaries and development programs in Victoria, and a shift away from general and start-up focused development towards niche capability development in areas such as social procurement and social impact investing (SII) readiness'.

Given that the [Map for Impact](#) identifies 3,500 social enterprises in Victoria of which 73% are 'small' with fewer than 20 employees, with 22% identified as 'medium' and 5% as 'large' it is self-evident that a focus on social procurement and investment readiness favours the 27% and as anecdotal and 'conversational' evidence indicates, either ignores or side-lines the 73%.

Experience in the UK identified that a key challenge to the sector alongside recognition of the value of the sector, was capacity and capability to deliver. The [2012 Social Value Act](#) introduced the opportunity across the UK for local government authorities to contract social enterprises for a range of government funded activities, recently [amended](#) in September 2020 to increase the social value of all businesses contract by government continue to provide huge opportunities for the social enterprise sector to increase their reach and impact. At the same time the recurrent challenge has been ensuring that social enterprises who do win government contracts have the capacity and capability to deliver, and that those successful in winning government contracts are not limited to a small number of the largest social enterprises.

Outcome 9 of the July 2020 [Transforming Wales Through Social Enterprise](#) strategy provides a model on which to address 'a shift away from general and start-up focused development towards niche capability development' by ensuring that 'Good quality specialist business support tailored to the needs of the sector will be available to everyone who needs it'.

The strategy is designed to ensure:

- social enterprises can access inclusive, appropriate and timely support whatever their background, size or needs
- social enterprises increase their viability as well as their social and environmental impact
- that government continue to ensure funding for specialist business support continues

While a variety of specialist business advice is acceptable, this submission suggests that business advice into the sector be preferably by those who have practical experience in delivering a social enterprise themselves, as opposed to advice from the corporate sector as part of a CSR exercise. The complexity of delivering a 'hybrid' [social business](#) model in practice, suggests practitioners in the sector should be well placed to offer specialist

business advice into the sector, as opposed to the more generalist corporate business advice. This requires more than the 'business model canvas' or the 'cartoon approach' to providing start-up advice.

Successful Social Enterprises are complex hybrid social business models and it damages the sector and its potential social impact to provide simplistic and a one size fits all approach to the provision of 'good quality specialist business support'.

The Victorian Social Enterprise Strategy should ensure funding for quality specialist business support through the allocation of government funds. The distribution of these funds should be those qualified to provide business support as noted above.

Models of delivering such development - what changes are needed?

The Victorian Social Enterprise Discussion Paper notes that running counter to the contraction of the provision of start-up and development support for the sector has been ACRE's Breakout Accelerator for rural business, which ran in 2019/20 (not only for social enterprise) and the launch of the Swinburne Social Startup Studio in 2019. There are several other smaller based initiatives that attempt to provide support for particular segments of Victorian community – for example [ygap First Gens](#).

While the above may be 'working well' and these initiatives are to be applauded there continues to be a significant gap in the provision of start-up and development options for people who have a social business idea, from those sectors of the Victorian community that are disadvantaged, First Nations people, people from a CALD background and migrants and refugees.

Given the future Victorian Social Enterprise Strategy will prioritise 'driving employment participation as part of inclusive economic growth', the recent Victorian Parliament [Inquiry into sustainable employment for disadvantaged jobseekers](#) published in August 2020 provides an opportunity to address the gap identified above.

While there are the usual pathways to 'driving employment participation' offered by both state and federal governments and NFP job 'networks' and associated activities, the recent Victorian Parliament [Inquiry into sustainable employment for disadvantaged jobseekers](#) made two significant findings relevant the priority of 'driving employment participation as part of inclusive economic growth':

Finding 52: Social enterprises that employ jobseekers facing disadvantage provide an important stepping stone for these jobseekers to move into mainstream employment.

Finding 54: Assisting jobseekers from disadvantaged backgrounds to start a small business (social enterprise) helps them gain financial independence and can lead to them creating jobs and employing jobseekers from similar backgrounds.

Both these findings suggest that that assisting job seekers from disadvantaged backgrounds to start a social enterprise or ethical small business will assist them to gain financial independence and can lead to them creating jobs and employing jobseekers from similar backgrounds.

Recognition of the lack of opportunities for people from those sectors of the Victorian community that are disadvantaged, First Nations people, people from a CALD background

and migrants and refugees, and the experience of the author in London addressing this specific gap, led to the author proposing that we need [a different type of social enterprise hub in Australia](#), as published in [Pro Bono Australia](#).

Social enterprises often focus on creating job opportunities for people who are living with disadvantage because they do not have sustainable income from work. The general approach is to develop opportunities that create jobs *for* people who are out of work. The work is provided by those with the resources – especially finance - to do so.

In the social enterprise sector access to resources – financial and otherwise – are more readily available to white middle class ‘heroic’ entrepreneurs who create new social businesses as a result of their access to these finances and resources.

But where are the opportunities for people with scant financial resources, no savings to invest, living day to day on totally inadequate welfare income, who have a business idea? With no available cash or any other resource to access the support they need to commence their *own* social enterprise or ethical small business as a pathway out of poverty and unemployment, where do they go?

Is it even feasible in a ‘business’ or ‘impact investing’ sense to consider that people living with day to day disadvantage and poverty could have a business idea? And that given the right support and opportunity this business idea could provide them and others with sustainable income from work and a secure future?

The findings noted above by the [Inquiry into sustainable employment for disadvantaged jobseekers](#) suggest that that assisting job seekers from disadvantaged backgrounds to start a social enterprise or ethical small business will assist them to gain financial independence and can lead to them creating jobs and employing jobseekers from similar backgrounds. That is, it is feasible for people living with day to day disadvantage and poverty through their own innate entrepreneurial skills achieve in part the priority of ‘driving employment participation as part of inclusive economic growth’, if they have access to the start-up support and ongoing development they need.

The second indicator that it is feasible that people living with day to day disadvantage and poverty could have a business idea that moves them and others out of disadvantage into sustainable employment is [SEIDs Hub](#), located in Wembley, London. The Author of this paper was engaged with this project from the ‘ideas stage’ through to its implementation. The differentiator for SEIDs amongst other social enterprise ‘hubs’ is its offer of financial support packages to people who would otherwise be excluded from access to business development and support to commence their own small business /social enterprise as a pathway out of poverty.

SEIDs Hub has 65 members after 22 months of being open for business (the last six-months impacted significantly by COVID-19). The majority of members are those who have qualified for a financial package (valued between £3,750 ≈ \$6,700 AUD) and who are from a Black, Asian & Minority Ethnic (BAME) – in Australia the equivalent cohort is identified as CALD background - with around one-third of members self-financing their engagement with the Hub. This mix of self-financing members and those on a financial support package is another ‘differentiator’ at the Hub.

Structured programmes are offered for a 12-month period for separate cohorts. Of significance is that the learning approach and style is focused and tailored to the needs of all

its members, particularly BAME (CALD), migrant and refugee communities as well as the long-term unemployed. The focus is on peer-to-peer learning in communities of trust, support and collaboration – an ecosystem or ethos different to the ‘traditional’ social enterprise incubators/accelerators.

With few exceptions support for social enterprise start-ups and scale-ups follows a [particular pattern](#) – a series of workshops followed by refinement of the enterprise idea and then a pitch to a panel of potential ‘impact’ investors. This approach is entirely unsuited to people from disadvantaged communities.

The competitive pitch approach to potential investors after a series of business grooming workshops favours a particular ‘style’ and personality profile that is more likely apparent amongst young middle-class ‘change-makers’ than other particular cohorts of people, and difficult to negotiate for BAME (CALD), migrant and refugee communities as well as the long-term unemployed. [Ashoka](#) some years ago ditched the pitch in favour of what it now calls ‘informed conversations’ where everyone is around a table – not one person out front competing via a pitch performance.

Many women and men are excluded because of their financial circumstances from access to social enterprise start-up support and development. SEIDS Hub has demonstrated that given the opportunity, they can be the authors of their own change, their own story and successfully deliver a social enterprise or ethical small business that rivals any other.

Given the impact of COVID-19 on the current and future levels of unemployment and disadvantage in Australia a SEIDs project would appear to fill a significant gap in the social enterprise sector, and be particularly aligned with the priority of the Victorian Social Enterprise Strategy 2021 of ‘driving employment participation as part of inclusive economic growth’.

Recommendations

Recommendation #1

The Victorian Social Enterprise Strategy should provide funding to ensure social enterprises can access inclusive, appropriate and timely quality specialist business support whatever their background, size or through the allocation of government funds. The distribution of these funds should be available to those qualified to provide sector specific business support.

Recommendation # 2

The Victorian Social Enterprise Strategy should ensure resources are made available through targeted funding to activities that specifically provide opportunities for people normally excluded because of their financial circumstances (First Nations people, people from CALD backgrounds, migrant and refugees, disadvantaged job seekers) to access social enterprise start-up and development support as a pathway to sustainable employment and economic participation.