Centre of Full Employment and Equity and Department of Social Work

WORKSHOP

Social Entrepreneurship: whose responsibility is it anyway?

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Mainstream, make money, make a difference
Introduction and Strategies to Social Enterprise/Entrepreneurship

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Australia
TALK - MAINSTREAM, MAKE MONEY MAKE A DIFFERENCE

Introduction and Strategies to Social Enterprise/Entrepreneurship

Have heard the one about the fish?

- catch a fish and feed someone for a day
- teach them to fish – they can eat for life
- develop a fishing enterprise and they can feed the whole family

1. What is Social Enterprise?

Social Enterprise is the terminology identifying “Market based ventures to address social aims”

Social Enterprises have three common characteristics

**Enterprise Oriented**
- directly involved in the production of goods and the provision of services to a market.
- seek to be viable trading concerns, making a surplus from trading.

**Social Aims**
- have explicit social aims such as job creation, training and provision of local services.
- based on ethical values including a commitment to local capacity building.
- accountable to their members and the wider community for their social, environmental and economic impact.

**Social Ownership**
- autonomous organisations with governance and ownership structure based on participation by stakeholder groups (users or clients, local community groups etc.) or by trustees. Profits are distributed as profit sharing to stakeholders or used for the benefit of the community.

Social Enterprises come in a variety of forms

- **Employee Owned Businesses** creating or jobs as part of economic development strategies.
- **Credit Unions** providing access to finance.
- **Co-operatives** associations of persons united to meet common economic and social needs through jointly owned enterprises.
- **Development or Philanthropic Trusts** assets used as key actors for community-based regeneration.
- **Social Firms** providing employment and training to people with disabilities and other disadvantaged groups.
• Intermediate Labour Market Companies providing training and work experience for the long-term unemployed.
• Community Businesses
  Community owned enterprises which have a strong geographical definition and focus on local markets and local services.
• Charities’ Trading Arms
  enabling charities to meet their objectives in innovative ways, such as Fair Trade companies.

Social Enterprises are values based

Community Strengthening, Empowerment, Self Financing Social Capital - PEOPLE

• Building, utilising, sustaining Social Capital - physical and human
• Time frame - beyond the immediate
• Total community approach - poor, middle and well healed

Social Enterprises Requires People

• Leaders
• Entrepreneurs

Social Enterprises promote an integrated approach

The working framework of the “Triple bottom line” is comfortable mix. Enterprise needs to take responsibility for Social & Environmental in addition the financial.

In practise - ACM/Onkaparinga
Community Development: Social
Planning & Policy: Environmental
Economic Development: Financial

Examples of Works in Progress

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2. **Australia has a history of Social Enterprise**

The concept of Social Enterprise is based on an attempt to create an “inclusive” contemporary language

The current terminology drawn from the UK. That movement was born in the Thatcher era of economic rationalism – social services movement needed to get smart or fail to deliver basic needs. The movement now enjoys significant support from the Blair Government with a range of network based organisations particularly the Community Action Network (CAN) (http://www.can-online.org.uk/)

The US uses the terminology “Social Venture”. That movement has been the result of generations of poor contribution by Government to welfare and the American ethos of free enterprise. The role of philanthropy has been a key strategy for corporate and community partnership. The free enterprise system provides an entree to “society acceptance” for those with “new money” and recognises the wisdom and stature of the those with “old money”. The US has established a broad approach to Social Ventures and has been particularly strong in the area of integrating environmental with social outcomes. The Rocky Mountain Institute is a world leader (http://www.rmi.org/)

Note: Searches on the web will identify numerous consultants in the area of Social Venture – there must be money in it?

Note: In terms of history the famous 1946 Capra film “It’s a wonderful Life” featuring Donna Reed & Jimmy Stewart illustrates the values and struggle of a Mid West Community Owned Building Society against private corporate interests.

Canada uses the terminology of “Community Economic Development” and has a strong background particularly through faith based organisations such as the United Church (http://www.cedworks.com)

**History of the Movement in Australia**

Australia has a substantial history of Community Entrepreneurship without necessarily having categorised it. In fact the major elements have been downgraded in the past twenty years as the organisations “corporatise”

In particular the Cooperative movement for rural producers held a substantial slice of Australia agricultural industry and employment. Many people could name their own examples from memory. Substantial cooperatives included Westfarmers from West Australia was the largest stock and station agent in Australia. Originally established by Western Australian Producers Co-operative Union in 1902 was owned and managed by its members until listed on the ASX in 1984. Westfarmers owns such ventures as Bunnings Hardware.

Note: Irony of “It’s a Wonderful Life” in the context of community opposition to hardwood forestry in WA’s south west.
Many Producers Cooperatives still exist particularly the Murray Riverland districts - Berri Riverland Cooperative. Interestingly smaller scale communities have remained the Berri Hotel is one of three community owned facilities in SA. These also operate pokies and have become a model for community standards of operating gaming.

Regrettably the model for legal structure of cooperatives is complex and expensive. National legislation was introduced in the 1980’s to standardise cooperatives in regard to corporate structure and relate to Australian Securities & Investment Commission.

The irony is that it is easier and cheaper to set up a Proprietary Limited than a Cooperative. Indeed the word cooperative is being used more in the context of “a cooperative spirit” with its implied egalitarian support of stakeholders than the practical reality

**The New Movement**

- Social Entrepreneurs Network - Network for Movement

Established by a group of individuals from faith based and intellectual organisations. Brought together a conference in February 2001 which attracted over 500 delegates (Well beyond the expectation of 200)

The keynote speaker for the conference was Noel Pearson. He challenged the notions of the “Welfare State” and illustrated by the Indigenous example that the core to reform of welfare dependency was empowerment of communities to change their social condition through community economic ownership – empowerment.

The organisation met again as a member conference in Maleny Qld (Jun 01) to confirm its Values, Vision and Mission

**Vision**

A dynamic network of social entrepreneurs who are strengthening communities, and creating a better quality of life for all - especially those who are disadvantaged.

**Mission**

To enable social entrepreneurs across the Asia Pacific region to become more effective and successful in their various fields.

**Values**

- Values and celebrates a diversity of ideas and actions.
- Encourages collaborative innovation across community, public and private spheres.
- Supports individuals to use their initiative and enterprise to strengthen communities.
- Encourages shared ownership of the network.
- Operates with a sense of fun, inclusivity and dynamism.
3. Relevance to the Community Development Sector

Social Enterprises are part of the growing “social economy”. Social Enterprises are a thriving collection of organisations that exist between the private sector and public sector. Size ranging from micro to major organisations. Sometimes referred to as the Third Sector.

Social Enterprises address many community needs by creating (and retaining) jobs, delivering new and improved local services, promoting economic development and tackling social issues.

Recurrent themes in community development include Social Exclusion and need for Welfare Reform.

It has become increasingly difficult to separate social issues from economic issues – The concepts of Social Enterprise need not conflict with requirement to increase competitiveness and productivity

Fundamental shift in government & welfare agency approach and general reaction against - Welfare dependency/band aid welfare and service delivery.

An example of that reaction is Noel Pearson questioning why the Aboriginal condition is worse than the referendum in ’67. He contends that the welfare industry has a stake in socio-economic status of the disadvantaged and that there is need for fundamental reform:

- Need for change from Service Delivery to Community Strengthening
- Need for Government to review its focus on individuals and return to community and family
- Review service models - devolve services to community enterprises
- Collaboration and integration between services and government departmental cylinders

Change in models – Community Strengthening

An example of this fundamental shift is the ACM Social Enterprise Project.

- Local Govt - traditional supporters of community development

The notion of Community Development is a process of empowerment. The City of Onkaparinga hosts the ACM Social Enterprise Project. The Onkaparinga community in the Southern Metro/FRINGE rural area of Adelaide. Whilst the area is physically attractive with large open areas, sea views, vines & wineries and hills (compared to the Adelaide plains) the area has multiple high indicators of social disadvantage including:

- Youth
- Lack of tertiary
- Single parent family
- Isolation

The hosting is an important devolution of community service delivery. Rather than promoting the corporate image of the ACM the organisation in the context of Social Entrepreneurship has sought to build partnership and with the community to develop their own projects and utilise the staff position of the Social Enterprise Manager as a facilitator.
Charitable organisations such as the Adelaide Central Mission are commonly slow moving bureaucracies whose focus is to meet the immediate needs of those most disadvantaged. The concept of Social Enterprise does not necessarily sit well in this context. The recent controversy over the shift by the Smith Family to reduce emergency relief to expand their “Education for Life” is a classic example of new concepts challenging the old guard.

New models need to be examined. The ACM is seeking to build community projects through partnerships. To this end the model for charitable organisation delivery has increasingly been to seek contracts through government tenders in the labour market and other service delivery areas. Organisations such as the Salvation Army and Mission Australia have successfully tendered and are delivering services in this manner.

However the replacement of the CES for example with an alternative bureaucracy has brought its own level of criticisms related to breaching and a Bernard Shaw level of criticism that charities are now the responsible to government for their income rather than challenging government to improve social conditions.

In addition the bidding for massive national programs has created a new level of Charitable Corporate competition. The Organisations have become corporate aware. Nationally branding their services. Are these example of Social Enterprise? To fit my definition of “market based ventures with social aims” – yes. But it is important not to loose sight of the community ball. The importance again is in the potential to empower the individual/community/family to change the socio-economic circumstance. The issue is understand who is the market and who is the consumer. The difficulty is to manage the market (being the Government) who are in fact are gatekeepers to the consumers.

The challenge for the Social Entrepreneur is to create partnerships where the “former” consumer is able to identify activities and to build enterprises where they are bidding for the tender (or other suitable business). The danger of the current system of tendering for Job Networks options is that again the community is disenfranchised. This time by a Charitable Organisation desire for corporate dominance in a community sector.
4. An Operational Strategy

Triple M Action Strategy - Mainstream Make Money Make a difference

Based on personal experience as Director of the Adelaide Festival Fringe in the formative years – 1980-1984 (three festivals). The Fringe in 1980 was called “Focus” the main thing it did not market was itself – the focus was the Festival not the disparate range of “unofficial” festival activity.

The Fringe is a centralised marketing model with the range of activities, large & small, theatre, comedy, dance, visual arts etc brought under one promotional umbrella program. The Fringe promotional model embraced the fact that the sum of its individual parts (despite the alternative nature of the content) coordinated into a cohesive program would create an impression of critical mass.

The Fringe was and still is a major challenge to the “Official” Adelaide Festival. The Fringe support from government till 1980 was it’s only real income. The ratio of Government income between the Official Festival and Fringe is fractional.

Fringe model for the Triple “M” Social Enterprise Action Strategy

Mainstream
Mainstream means technique not content. There is often a concept that the community activity, project, enterprise etc will not have the same level of professionalism as the mainstream. The requirement is to challenge this context. Consumers read newspapers, watch TV, listen to the radio, the disadvantaged do the same - they have the same aspirations as the mainstream.

The Fringe engaged with the media. The core requirement was to produce a comprehensive program distributed by the mainstream Press (Advertiser/Sunday Mail). The support was to develop a campaign through the electronic media to draw the attention that the program existed and image it’s content.

Make Money
This process fulfilled the core business promise - guaranteed distribution. Consequently commercial supporters/sponsors followed. The Fringe developed an infrastructure based on the potential for earned income rather than relying on grant support.

The mass distribution and imaging created an awareness that attracted audiences.
- Audiences paid for tickets – money in the pockets of the artists
- Audiences bought product at the venues - venues sold more beer and paid the artists

The Fringe organisation fulfilled its promise to participants

Make a difference
The key issue for the Fringe was access.

The Festival since 1984 has tried to capture the popular appeal of the Fringe. The consequence has been
- to attract new audiences to the Festival through the Fringe as an entry point
- provide more free activity through community events
5. **Group/Community Cooperative Enterprises – Strategy for Employment**

As a practitioner presenting and discussing Social Enterprise I have encountered two key concerns.

1. “Love what you’re saying – we see the potential to add to our community development processes - **BUT** I’m already up to Here ↑”.
2. “Love the concept – we see the opportunity for empowerment, employment and income generation, we have entrepreneurs with more ideas than we can deal with - **BUT** what do you mean business plan? How do I do one of those…I came here as a originally as a volunteer to do stuff not write reports!”

These loose quotations are indicative of the level of disenfranchisement even amongst the motivated. These concerns may be translated to the key issues of Employment Outcomes & Training.

The Labour Market Training options have been dominated by the demands of “industry &/or business sectors”. The concepts of Social Enterprise is establishing a “third sector” enterprises address community needs by creating (and retaining) jobs, delivering new and improved local services, promoting economic development and tackling social issues.

An attempt to generate interest by individuals to establish businesses to reduce Social Security reliance has been the NEIS (New Employment Initiative Scheme) Program funded through the Job Network. The scheme relies on motivated individuals essentially establishing micro-businesses as sole operators (and occasional partnerships) from a standing start. Participants are provided with a course of intensive business training and projects that successfully navigate the process and assessment panels are rewarded with 12 months Social Security benefit to “kick start” the venture.

The results have been mixed. There was been initially strong levels for training participation the number of participants concluding the business plan and commencing the business and remaining in business is low. It is a hard call for disenfranchised communities to be motivated sufficiently from a standing start to set up a sole operator business within 12 months and with the potential of losing the safety net of social security at the conclusion.

However the model of business training followed by assessment of business experts and continued mentoring may provide an excellent option for Community Ventures. However there is currently no provision for providers of NEIS to provide course programs to this sector. The Dept of Family & Community Services have provision for “Group/Community Cooperative Enterprises” yet this opportunity is currently over looked. I Quote “Group/Cooperative Enterprises Development of, or participation in a group/community cooperative enterprise, whether community based, non-profit or profit making, may be approved …”

A challenge for the Social Enterprise movement is to advance concepts with Government that empower communities to meet their own need. The development of a “Community NEIS” is one model that may provide the opportunity to address the key issues of Employment Outcomes and provision of services through community based organisations capable of self-funding through social ventures.
6. Conclusion - Challenge

Communities need to recognise the need to build sustainable businesses that outlive the Single regeneration budget or other grant programmes that financed their start-up.

Remember the fisherman.

- Having taught the man to fish …
- If that fisherman and his family involved their mates they could feed the whole community and
- Sell the excess and their expertise to the next community.

7. ADDITIONAL INFO:

Social Enterprise London - www.sel.org.uk
Social Entrepreneurs Network - http://groups.yahoo.com/group/SENanz

8. Author details

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