

# Social Enterprise

A people-centred approach to employment services.



August 2019



### About this report

Westpac Foundation commissioned CSI Swinburne to review the available research evidence on whether and how employment redresses disadvantage, and the impacts of employment-focused social enterprise on employment creation and reducing disadvantage. A secondary goal was to identify where there are significant gaps in evidence that may be limiting policy, practice and effective philanthropy. This report is a summary of the full evidence review.

### About Westpac Foundation

Westpac Foundation is a charitable organisation that has been helping people in need for the past 140 years. The Foundation is committed to creating a more inclusive Australia with a goal to change 100,000 lives for the better by 2030, through providing funding and programs to support social enterprises and community organisations that create jobs and opportunities for those who need it most.

### About Centre for Social Impact Swinburne

The Centre for Social Impact (CSI) Swinburne is a multi-disciplinary research and graduate education centre based at Swinburne University of Technology that exists to progress positive social change. It employs specialists in social enterprise, social innovation and measuring social impacts. CSI Swinburne forms part of the national CSI network; a partnership between the University of New South Wales, University of Western Australia and Swinburne University of Technology.

### Acknowledgements

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### Further Information

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Somprasong, from The Bread & Butter Project, a social enterprise that provides training and employment pathways to refugees and asylum seekers in the art of bread and pastry baking.





Chem, an employee of Jigsaw, a social enterprise that provides employment, work experience and skills development to people living with a disability.

## Summary

### Social enterprise: A people-centred approach to employment services.

**This report outlines why employment-focused social enterprises offer an alternative people-centred approach to mainstream employment solutions. Far more than just being a different way to do business, employment-focused social enterprises can build capacity and create positive impacts for the people they aim to help, as well as society as a whole.**

**In this light, our research shows the potential employment-focused social enterprises can unleash in creating positive social change, and we look at ways their reach, success and impact can be scaled.**

#### What is a social enterprise?

- Social enterprises are businesses that exist primarily to fulfil a social or environmental purpose. There are an estimated 20,000 social enterprises in Australia.
- An employment-focused social enterprise focuses on creating meaningful employment for disadvantaged Australians. Nearly 7,000 of all social enterprises in Australia have employment-based support or employment creation as their main focus.

The unemployment rate for the general population has declined in recent years. However, there is a growing number of Australians struggling to find and maintain meaningful employment. They experience complex barriers to participation, requiring more tailored and personalised employment support services.

Research tells us that employment-focused social enterprises are an alternative solution. They have been found to produce higher and better employment outcomes than mainstream employment services for people experiencing significant disadvantage.

#### Research shows that employment-focused social enterprises provide many benefits:

##### To the individual

- Improving people's lives and livelihoods, while directly reducing the costs of welfare, health, and housing services.
- Addressing some of the gaps in our current employment and employment services systems, by providing people-centred work settings, tailored solutions and sustainable service delivery models.
- Producing better employment outcomes than mainstream employment services for people experiencing significant disadvantage.
- According to some evidence, producing intergenerational benefits by improving quality of life for households.



##### To the broader community and the Australian economy

- Employment-focused social enterprises can be as efficient and more productive than their commercial counterparts.
- Improving workforce participation reduces disadvantage, increases our national potential for innovation, and creates billions in improved productivity for Australia.
- Employment-focused social enterprise can be a sustainable business model, providing employment pathways that reduce reliance on government and philanthropic funding.



Max, from Good Cycles, a Melbourne based social enterprise that uses bikes to engage, educate and employ youth at risk.

### A people-centred approach to employment services.

Employment-focused social enterprises are effective because they focus on the complex needs of the individual and have the capacity to tailor their approach accordingly. The available evidence suggests effective employment-focused social enterprises are:

- **People-centred:** offering flexibility and close engagement to better understand the needs of people they seek to support.
- **Integrative:** integrating employment supports with education or training, as well as coordinating access to a range of services – such as counselling and mentoring – for their beneficiaries.

- **Collaborative:** developing strong community partnerships and networks to help link their staff and trainees to different social, work, and personal development opportunities.
- **Adaptive:** providing tailored support that is agile and that they are able to adapt to new opportunities based on the individual's needs.

### Opportunities for growth.

Research shows the effectiveness of the employment-focused social enterprise model in Australia could be increased by:

- Developing social finance options that meet the needs of social enterprises, allowing them to scale and replicate.
- Further developing the evidence base to inform policy support and investment.
- Advancing more collaborative approaches to support social enterprises.
- Greater consumer and business awareness of the value of purchasing from social enterprises.

## Demand for meaningful employment in Australia: What is the opportunity?

Meaningful employment can alleviate disadvantage, but too many Australians cannot access employment that works for them due to structural limits of the labour market and factors such as location, accessibility, and suitability.

- Meaningful employment can be understood as a form of decent work which is recognised in the United Nations Sustainable Development Goals (SDGs) as safe, secure and providing employees with a degree of choice and opportunity for development.
- Meaningful employment can empower individuals and their households. Furthermore, it can empower people experiencing disadvantage by increasing their independence, social relationships and mobility, and supporting their health and wellbeing.

The unemployment rate is falling across the general population, but unmet demand for work remains high amongst disadvantaged Australians. In February 2018, approximately 700,000 Australians did not have a job; on the other hand, one million employees in the labour force wanted to work more hours (known as 'underemployment')<sup>1</sup>. Another one million Australians not included in the labour force were willing to work ('marginally attached to the labour force')<sup>2</sup>; yet, one in ten of this group had given up looking for work due to negative experiences of work or of job seeking<sup>3</sup>.

### Underemployment disproportionately affects certain groups.

Underemployment rates are considerably higher among women and younger workers than the general population. People with disability, Aboriginal and Torres Strait Islander Australians, refugees and people seeking asylum are also less likely to be employed than the wider population. Studies have estimated that by improving the labour participation of disadvantaged Australians, the economy could result in billions in GDP gains. For example, reducing the gap between labour participation and unemployment rates for people

with, and without, disability by one-third would provide a \$43 billion increase in the GDP over a decade<sup>4</sup>. Further, having 31.5% of young people unemployed or underemployed costs the economy \$15.9 billion per year in lost GDP and a further \$7.2 billion in associated mental health costs<sup>5</sup>. **Reducing these imbalances involves addressing the structural factors in the labour market that create barriers to employment, and creating better work conditions for people experiencing systemic disadvantage.**

1. This figure is based on the number of 'underemployed persons' in Figure 1. 2. This figure is based on the number of 'persons marginally attached to the labour force' in Figure 1. It includes people who are actively looking for work but not immediately available, as well as discouraged job seekers. 3. Australian Bureau of Statistics (ABS), *Participation, Job Search and Mobility, Australia, February 2018* (Canberra: 2018). 4. Deloitte Access Economics, *The economic benefits of increasing employment for people with disability* (Australia: 2011), 22, [https://www.and.org.au/data/Conference/DAE\\_Report\\_8May.pdf](https://www.and.org.au/data/Conference/DAE_Report_8May.pdf). 5. Foundation for Young Australians, *Unlimited Potential* (Australia: 2014), 3, <http://unlimitedpotential.fya.org.au/wp-content/uploads/2014/10/UP-Executive-summary-FINAL-single-pages.pdf>.

## Demand for work remains high

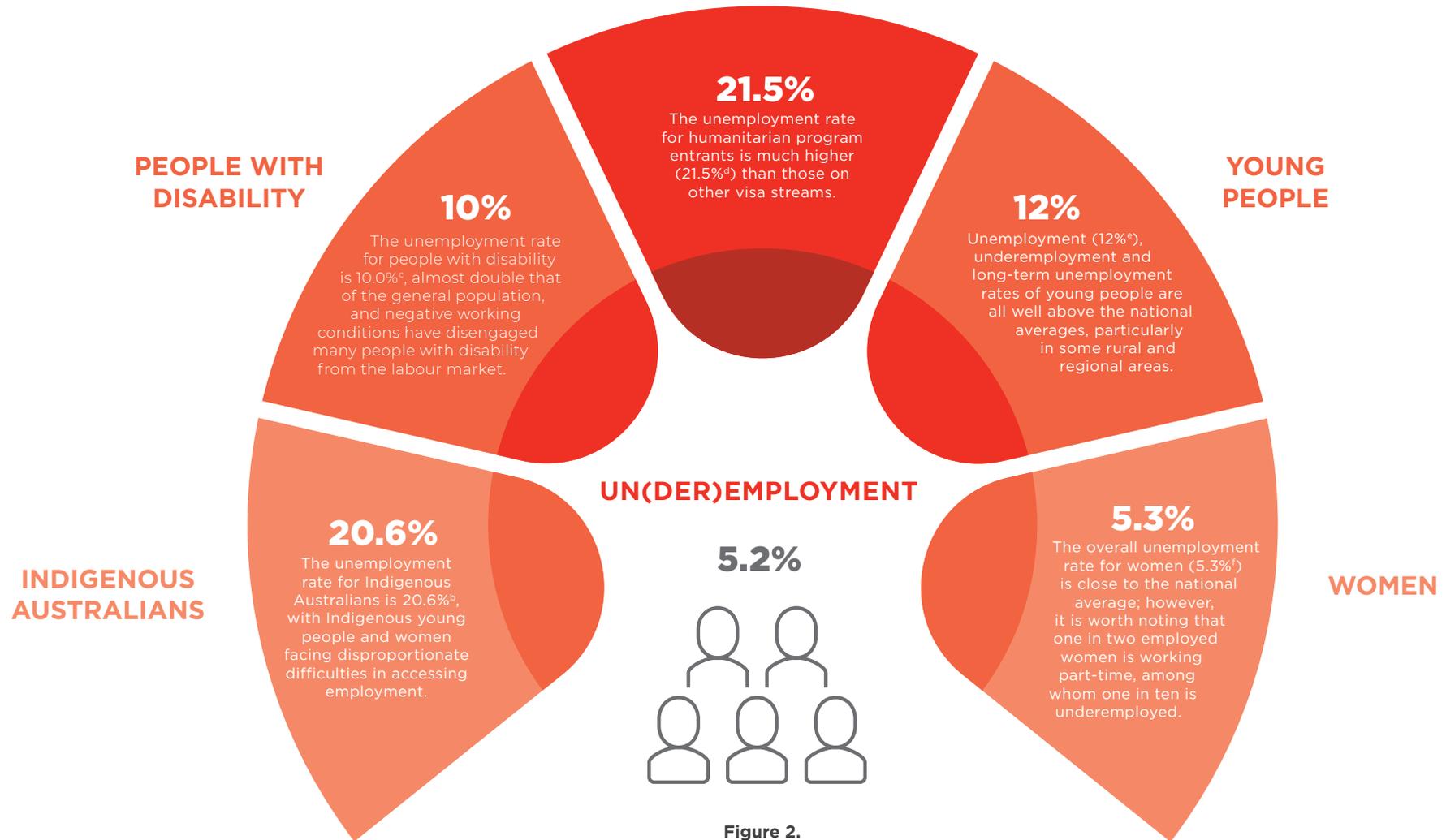
Figure 1.

Potential demand for work for more than 2.7 Million Australians aged 15 and above, who are unemployed, underemployed or who are marginally attached to the labour force



Source: Australian Bureau of Statistics. *Participation, Job Search and Mobility, Australia, February 2018*.

## REFUGEES & PEOPLE SEEKING ASYLUM



**Figure 2.**  
Unemployment and un(der)employment facts  
The national unemployment rate is 5.2%.<sup>a</sup>

a: Australian Bureau of Statistics (ABS), *Labour Force, Australia, Jun 2019* (Canberra: 2019), Table 1, seasonally adjusted data.. b: ABS. National Aboriginal and Torres Strait Islander Social Survey, 2014-15 (Canberra: ABS, 2016), Table 11.1. c: ABS. *Disability, Ageing and Carers, Australia: Summary of Findings, 2015* (Canberra: ABS, 2016), Table 9.1. d: Commonwealth of Australia. *No one teaches you to become an Australian* (Canberra: 2017), Section 4, [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Migration/settlementoutcomes/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Migration/settlementoutcomes/Report) ) e: ABS. *Labour Force*, Table 13, seasonally adjusted data. f: ABS, *Labour Force*, Table 1, seasonally adjusted data.

## Mainstream solutions: Why they're not enough

### The Australian policy approach to employment services.

Australian policy approaches to employment since the mid-1990s have been characterised by a 'work first' logic, which prioritises getting the greatest number of people into work quickly and places the onus to participate on individuals. For people experiencing systemic disadvantage, sometimes with complex needs, a more tailored, people-centred approach is required, rather than the standardised work first approach, to overcome the conditions that limit their capacity to work<sup>6</sup>.

Recent reports show that:

- 64.9% of jobseekers using jobactive have been in the system for over a year and 19.6% have been in the system for more than five years<sup>a</sup>;
- From April 2017-March 2018, 49.2% of all jobactive jobseekers were employed three months after participating, but only 23.4% of these were employed in full-time work<sup>b</sup>;
- Further, only 26.4% of jobseekers with multiple and complex barriers were employed<sup>c</sup>.

a: Department of Jobs and Small Business, *I want to work: Employment services 2020*, 8. b: Department of Jobs and Small Business, *Employment services outcomes report (jobactive): April 2017-March 2018*, 2. c: Department of Jobs and Small Business, *Employment services outcomes report (jobactive): April 2017-March 2018*, 2.

Minimal welfare support and tightening of social security payment eligibility has also exacerbated the 'welfare trap', where people may be financially worse off in entry-level or insecure employment than they are receiving welfare benefits or when they are affected by episodic disadvantage (such as periods of illness). The Australian labour market and welfare system have also not historically supported easy transitions



into and out of the workforce at different life stages (for example, when caring for young children), although there have been recent policy improvements in this area. Combined, all of these factors tend to increase rather than reduce the barriers to meaningful employment that are experienced by particular groups in our society.

6. Bennett et al., *Working it Out*, 48; Australian Federation of Disability Organisations, Consumers front and centre: *What consumers really think about Disability Employment Services* (Australia: 2015), 16-17, [https://www.deafnessforum.org.au/wp-content/uploads/documents/research\\_publications/what\\_consumers\\_really\\_think\\_about\\_the\\_disability\\_employment\\_services-\\_afdo\\_national\\_report.pdf](https://www.deafnessforum.org.au/wp-content/uploads/documents/research_publications/what_consumers_really_think_about_the_disability_employment_services-_afdo_national_report.pdf); Department of Jobs and Small Business, *I want to work: Employment services 2020* (Australia: 2018), 23-28, [https://docs.jobs.gov.au/system/files/doc/other/final\\_-\\_i\\_want\\_to\\_work.pdf](https://docs.jobs.gov.au/system/files/doc/other/final_-_i_want_to_work.pdf).

## Responding to the gaps: Employment-focused social enterprises

Employment-focused social enterprises can play an important role in addressing complex barriers to employment for people experiencing disadvantage.

### What is an employment-focused social enterprise?

Social enterprises are businesses that exist primarily to fulfil a social or environmental purpose. Employment-focused social enterprises are explicitly focused on creating employment or employment pathways for people experiencing disadvantage<sup>7</sup>. Offering real-world work settings combined with personalised development support and actively building relationships with other employers, employment-focused social enterprises increase people's access to meaningful work, and increase economic productivity, inclusion and wellbeing for both individuals and communities. There are an estimated 20,000 social enterprises in Australia, with nearly 7,000 of these explicitly focused on creating meaningful employment for disadvantaged Australians<sup>8</sup>.

### Who do they support?

Social enterprises employ more than 300,000 people in Australia<sup>9</sup>. Those that are explicitly concerned with creating employment are most likely to target people who experience the greatest barriers to employment, including people with disability, young people, and disadvantaged women<sup>10</sup>. Unemployed people, people with mental illness,

## Employment-focused social enterprises: employment outcomes at individual level

### Increased income

Receiving income and income benefits is protective and enables individuals to better support themselves and their families.

### Relevant & meaningful work experience

Employment-focused social enterprises provide 'on the job' learning, though it can be challenging to provide genuinely relevant work experience for diverse individuals.

### Changes to identity

Employment-focused social enterprises can provide individuals with a new 'worker identity', which is linked both to subjective meanings attached to the role, and socially contextual features of social status associated with holding employment.

### Vocational & generalised skills

Vocational skill development is important for specific job training, while generalised skill development is transferrable and enables workplace mobility.

### Self-esteem & self-efficacy

Gaining and maintaining paid work gives people new evidence of the tasks they can achieve and adversity they can overcome.

### Increased sense of belonging

Considering employment-focused social enterprises often employ a target group, they enable individuals to connect with each other and offer social contacts outside the household.

disadvantaged men and migrants, refugees and asylum seekers are among the top ten groups that social enterprises usually seek to support<sup>11</sup>. Many social enterprises are also locally-focused in their missions, seeking to improve social and economic conditions for people in particular geographic communities.

### Do they work?

The available research tells us that well-run social enterprises:

**Are effective** - producing higher and better employment outcomes than mainstream employment services for people experiencing significant disadvantage<sup>12</sup>; increasing people's

social and financial capital<sup>13</sup>; and improving well-being for individuals<sup>14</sup> and communities<sup>15</sup>.

**Are efficient** - recent research conducted in Victoria found that social enterprises are as efficient and, in some cases, more productive than their commercial counterparts<sup>16</sup>.

**Produce high social returns** - employment-focused social enterprises often have relatively high operating costs that partly arise from employing people with limited training and qualifications, and from building high staff turnover into their business models to support the transition of employees into mainstream jobs. Balancing out their relatively high costs,

7. Eric Kong, Sue Bishop, and Eddy Iles, "Social enterprise and CALD refugee settlement experience," in *Social Capital and Enterprise in the Modern State* (Palgrave Macmillan: 2018): 206-210 8. Jo Barraket, Chris Mason, and Blake Blain, *Finding Australia's social enterprise sector 2016* (Australia: Social Traders and Centre for Social Impact Swinburne, 2016), 9, <https://www.socialtraders.com.au/wp-content/uploads/2018/02/Fases-2016.pdf>. Social Traders, *About Social Enterprise*, accessed April 15, 2019, <https://www.socialtraders.com.au/about-social-enterprise/>. 10. Jo Barraket, Chris Mason, and Blake Blain, *Finding Australia's social enterprise sector: final report* (Australia: Social Traders and Centre for Social Impact Swinburne, 2016), 19-20, <https://apo.org.au/sites/default/files/resource-files/2016/06/apo-nid64444-1157591.pdf>. 11. *Ibid.*, 20. 12. Mission Australia, *Working for Renewal*, 19-22. 13. Aurora Elmes and Vanguard Laundry Services, *Vanguard Laundry Services: Impact Report 2018* (Australia: Vanguard Laundry Services and the Centre for Social Impact Swinburne, 2019), 2, <https://www.amp.com.au/content/dam/corporate/newsroom/files/Vanguard%20Impact%20Report%202018.pdf>. 14. Elmes and Vanguard Laundry Services, *Vanguard Laundry Services: Impact Report 2018*, 3; Kemran Mestan and Rosanna Scutella, *Investing in people: Intermediate Labour Markets as pathways to employment* (Australia: Brotherhood of St Laurence, 2007), 30, <https://www.socialtraders.com.au/wp-content/uploads/2016/05/Investing-in-People-ILMs-as-Pathways-to-Employment-.pdf>. 15. Jo Barraket, "Fostering the wellbeing of immigrants and refugees? Evaluating the outcomes of work integration social enterprise," in *Social Enterprise: Accountability and evaluation around the world* (Routledge, 2013): 1-18; Robyn Eversole, Jo Barraket, and Belinda Luke, "Social enterprises in rural community development," *Community Development Journal* 49, no. 2 (2013): 243-254. 16. Malcolm Abbott et al., "Evaluating the labour productivity of social enterprises in comparison to SMEs in Australia," *Social Enterprise Journal* (2019), <https://doi.org/10.1108/SEJ-09-2018-0064>.

## Employment-focused social enterprises: employment outcomes at community level

### Economic regeneration

Employment-focused social enterprises may have intergenerational (e.g. a parent gaining employment) and local (e.g. encouraging local spending) economic benefits.

### Community hubs

Employment-focused social enterprises bring together and link different parts of a community and facilitate community connection.

### Increased community equity and cohesion

Employment-focused social enterprises help 'bring in' individuals from marginalised groups, drawing their needs and narrative into the dominant social discourse.

well-run employment-focused social enterprises produce high social returns. One Australian study found that total social benefits outweigh the costs of employment-focused social enterprises<sup>17</sup> while international research has found that they double society's return on investment<sup>18</sup>. Costs and social returns differ substantially across different social enterprises, due to their diversity of size, industry and maturity, as well as the nature and duration of support they provide to employees.

**Are financially sustainable** - while social enterprises are no more immune to poor management and volatile operating conditions than other businesses, financial self-sustainability is a defining goal of social enterprise models. National mapping research shows that while there has been growth in social enterprise start-ups over the last seven years, the sector as a whole is mature, with many examples of effective social enterprises<sup>19</sup> operating sustainably over multiple decades. Some are 'mixed resource' organisations, involving ongoing donor and grant-based income, however, the majority derive most of their income from trading.

### How do they achieve their goals?

The available evidence suggests there are four distinguishing characteristics of effective employment-focused social enterprise models:

**People-centred** - employment-focused social enterprises generally offer flexibility and awareness of the life situations and structural barriers that make employment difficult for the people they support<sup>20</sup>. Through close engagement, these organisations are able to better understand the needs of the individual over time<sup>21</sup>.

**Integrative** - employment-focused social enterprises typically integrate employment supports with education or training, as well as coordinate access to a range of services - such as counselling and mentoring - for their beneficiaries and this appears to be significant in employment outcomes<sup>22</sup>.

**Collaborative** - employment-focused social enterprises tend to develop strong community partnerships and networks that help link their staff and trainees to different social, work and

personal development opportunities<sup>23</sup>, as well as helping gain access to resources in the community that can help them fulfil their social goals.

**Adaptive** - employment-focused social enterprises are typically smaller than traditional service providers, which gives them the ability to provide more personalised support<sup>24</sup> and to adapt to new opportunities and needs. This feature does, however, raise questions about how the impacts of employment-focused social enterprises can be scaled without trading off the adaptive benefits of their generally smaller size.

17. Mestan and Rosanna Scutella, *Investing in people*, 22-23. 18. Dana Rotz, Nan Maxwell, and Adam Dunn, *Economic self-sufficiency and life stability one year after starting a social enterprise job* (Mathematica Policy Research: Oakland, 2015), 44, <https://redf.org/app/uploads/2015/02/REDF-MJS-Final-Report.pdf>. 19. Barraket, Mason, and Blain, *Finding Australia's social enterprise sector*, 9. 20. Aurora Elmes and Vanguard Laundry Services, *Vanguard Laundry Services: Our first year in business - 2017 Impact Review* (Australia: Vanguard Laundry Services and the Centre for Social Impact Swinburne, 2018), 9-10, <https://corporate.amp.com.au/content/dam/corporate/newsroom/files/Vanguard%20First%20Year%20Impact%20Report.pdf>; Rochelle Spencer et al., "Australian indigenous social enterprise: Measuring performance." *Journal of Enterprising Communities: People and Places in the Global Economy* 10, no. 4 (2016): 403; Peter Westoby and Lynda Shevellar, "The possibility of cooperatives: a vital contributor in creating meaningful work for people with disabilities." *Disability & Society* (2019): 12. 21. Cheryl Hiu-Kwan Chui, Michelle HY Shum, and Terry YS Lum, "Work integration social enterprises as vessels of empowerment? Perspectives from employees." *Asia Pacific Journal of Social Work and Development* (2018): 4-7. 22. Chui, Shum, and Lum, *Work integration social enterprises*, 4-11; Kristin Ferguson, "Merging the fields of mental health and social enterprise: Lessons from abroad and cumulative findings from research with homeless youths." *Community Mental Health Journal* 48, no. 4 (2012): 495-499. 23. Mission Australia, *Working for Renewal*, 24; Marcelo Vieta, Naomi Schatz, and Greg Kasparian, "Social Return on Investment for Good Foot Delivery: A Collaborative Reflection." *Nonprofit Management and Leadership* 26, no. 2 (2015): 162. 24. Danielle Nockolds, *Exploring success for intermediate labour market social enterprises: A literature review* (Australia: Brotherhood of St Laurence, 2012), 8, [http://library.bsl.org.au/jspui/bitstream/1/6185/1/Nockolds\\_Exploring\\_success\\_intermed\\_labour\\_market\\_soc\\_enterprises\\_lit\\_review\\_2012.pdf](http://library.bsl.org.au/jspui/bitstream/1/6185/1/Nockolds_Exploring_success_intermed_labour_market_soc_enterprises_lit_review_2012.pdf).

## Vanguard Laundry Services

Toowoomba, Queensland

Opened in December 2016, Vanguard Laundry Services in Toowoomba provides employment and employment pathways for people with a lived experience of mental illness who have experienced long term unemployment.

After two years of operations, independent evaluation found that nearly 80% of participants reported that their health was either stable or improved in comparison to a year ago, and while working at Vanguard, participants' median fortnightly income increased by \$304. Since Vanguard's launch in December 2016 to June 2018, more than \$153,000 was saved in Centrelink payments and more than \$231,000 in direct hospital costs.

*Elmes and Vanguard Laundry Services, Vanguard Laundry Services: Impact Report 2018*



## STREAT

Melbourne, Victoria

STREAT is a hospitality social enterprise providing marginalised people aged 16-24 with a pathway from surviving to thriving with a healthy self, home and work. Started in 2009, the organisation runs ten hospitality businesses where young people gain training and employment pathways, vocational skills, qualifications, on-the-job training and holistic support. STREAT has supported over 1500 young people with over 75,000 hours of training and mentoring.

STREAT. *STREAT Annual report a nest for dreaming fy1718*. [https://www.streat.com.au/sites/default/files/streat\\_annual\\_report\\_a\\_nest\\_for\\_dreaming\\_fy1718\\_final\\_2.pdf](https://www.streat.com.au/sites/default/files/streat_annual_report_a_nest_for_dreaming_fy1718_final_2.pdf)



A trainee with STREAT's therapy dog Magic.

## Realising the potential: The power of employment-focused social enterprises

### What does best practice look like?

Given the diversity of people and places that employment-focused social enterprises seek to serve, and the range of industries and local labour markets in which they work, there is no single recipe for their success. However, the available research suggests that employment-focused social enterprises are most effective where they:

Are people-centred by design, providing flexibility and personalised support for the diverse needs of their target beneficiaries and other staff

Engage the people they seek to serve in the operations and governance of the organisation

Provide real-world work settings in which their beneficiaries can develop and build skills, relationships, and resilience

Mobilise their inter-organisational networks to create employment pathways for their target groups and influence inclusive employment practice in other organisations

Operate in industries and through business models that allow them to meet their social goals and maintain financial sustainability

Are underpinned by effective governance, which addresses business needs and social purpose in equal measure

Build diverse partnerships with philanthropy, business, and governments to access resources and grow their impacts

## Challenges and opportunities for employment-focused social enterprises.

While policy at a Federal and State level focuses on maximising the number of people in employment generally, employment-focused social enterprise can play a vital role in supporting people who require a more personalised approach to securing meaningful employment. Common challenges

faced include accessing appropriate capital, accessing resources to develop their markets, and having the capacity to measure and communicate their impacts<sup>25</sup>. Employment-focused social enterprises in particular are constrained and/or enabled by the following key factors.

### A patchy policy environment

Public policy support for social enterprise development is inconsistent across Australia<sup>a</sup>. Mainstream employment services are undergoing various reviews to improve their outcomes, with a focus on digitalisation and greater use of individual consumer models. This may impact the future popularity of employment-focused social enterprises.

### The future work environment

Jobs of the future will be increasingly automated and adaptive, with less labour-intensive work<sup>b</sup> - employment-focused social enterprises will likely have to adapt their models considering many social enterprises offer entry-level, routine jobs and are purposely focused on labour-intensive business.

### Costs related to personalised and flexible work

Employment-focused social enterprises often adopt high-level flexibility and personalisation to meet the needs of their target groups<sup>c</sup>. This carries with it various non-traditional business costs that the enterprises have to resource.

### Access to appropriate finance

Employment-focused social enterprises and other forms of social enterprise require access to diverse sources of finance at different stages of development. There is an ongoing lack of comprehensive social finance options in Australia and a related mismatch between supply and demand<sup>d</sup>.

### Capacity to scale

In employment-focused social enterprise models where the social purpose is strongly integrated into the business activities, this can create tensions between their social purpose and business viability. The goal of financial self-sustainability in particular can challenge the social mission<sup>e</sup>.

### Growth Challenges

Challenges include lack of policy support and access to appropriate finance detailed above. Other identified growth challenges include: the ability to attract and retain suitable candidates to effectively manage social enterprises; governance models that are not fit for purpose; limited consumer and business awareness of the value of purchasing from social enterprise; and industry-specific competition and regulatory pressures.

## The role research can play in building the sector.

There is growing interest in the role of social enterprises in redressing disadvantage through meaningful employment, however the evidence base is limited, and largely focused on point in time analyses and single case studies. Greater investment in research could help us better understand:

- The relative costs of social enterprises versus other employment services interventions. At present there is limited comparative research available.
- The impact and effects of employment-focused social enterprises on households and communities. Existing research on employment outcomes of social enterprises focuses largely on outcomes for individuals only.
- The long-term social impacts of employment-focused social enterprises<sup>26</sup>.
- The organisational mechanisms through which employment-focused social enterprises achieve outcomes<sup>27</sup>.
- How employment-focused social enterprises scale to create impact.

a: Barraket, Mason, and Blain, *Finding Australia's social enterprise sector*. b: Foundation for Young Australians, *The new work smart: Thriving in the new work order* (Australia: 2017), 9-11, [https://www.fya.org.au/wpcontent/uploads/2017/07/FYA\\_TheNewWorkSmarts\\_July2017.pdf](https://www.fya.org.au/wpcontent/uploads/2017/07/FYA_TheNewWorkSmarts_July2017.pdf). c: Nockolds, *Exploring success*, 8-9. d: Barraket, Mason, and Blain, *Finding Australia's social enterprise sector*. e: Kate Cooney, "The business of job creation: An examination of the social enterprise approach to workforce development". *Journal of Poverty* 15, no.1 (2011): 90-91; Nockolds, *Exploring success*, 8-9.

25. Nockolds, *Exploring success*, 17-18. 26. Nockolds, *Exploring success*, 1. 27. Chui, Shum, and Lum, *Work integration social enterprises*, 2.

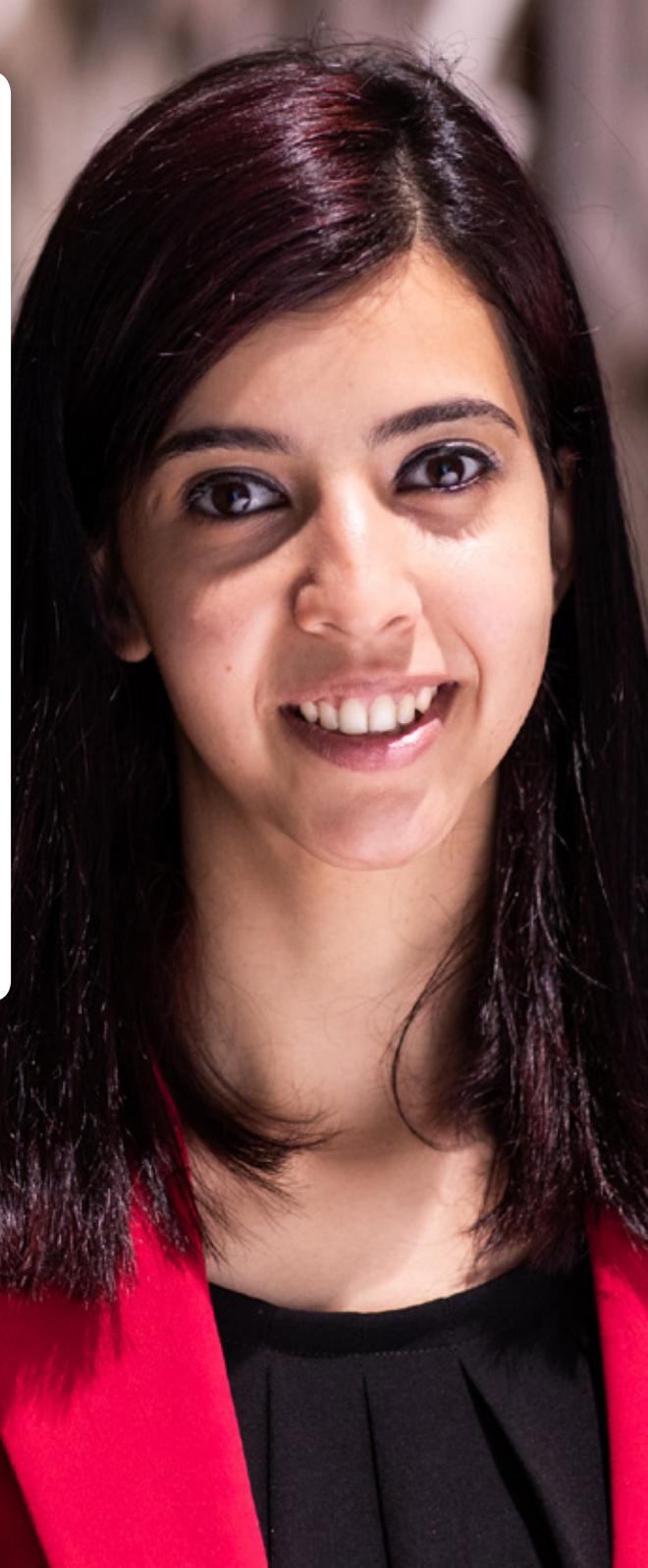
## CareerSeekers

Sydney, Melbourne, Brisbane

Many people who hold humanitarian visas in Australia and elsewhere are highly skilled, with degrees and professional experience in their home countries. And yet, only 17% of humanitarian entrants are employed 18 months after arrival. This compares to an average of 81 days following completion of CareerSeekers' work readiness training.

CareerSeekers is a social enterprise that provides programs for in-depth employment preparation and support to both refugees and people seeking asylum who are either currently studying at university, or looking to restart their professional career in Australia.

CareerSeekers and J.P.Morgan. *Break the barricades: the role of industry in qualification recognition*. [https://storage.googleapis.com/cs-files/CareerSeekers\\_Magazine\\_2018.pdf](https://storage.googleapis.com/cs-files/CareerSeekers_Magazine_2018.pdf)



## Scaling to increase impact: What can be done

Our evidence review<sup>28</sup> suggests that the effectiveness of employment-focused social enterprises in Australia could be consolidated by:

- Further developing the evidence base of:
  - o Their effectiveness, costs and benefits relative to other employment services models.
  - o Their long-term costs and social impacts.
  - o The mechanisms through which they produce positive social outcomes.
  - o The community-level impacts of their work.
- Using this evidence to inform more targeted policy support, social investment and replication of models that work.
- Developing comprehensive social finance options that are demand-driven.
- Advancing more collaborative approaches to support social enterprise through, for example, philanthropic co-funding, to reduce transaction costs and increase access to non-financial support via partner networks.
- Exploring the role of beneficiary participation in different social enterprise models to ensure that they empower and are responsive to the experiences of those they seek to serve.

28. Joanne Qian, Emma Riseley and Jo Barraket, *Do employment-focused social enterprise provide a pathway out of disadvantage? An evidence review*. (Australia: Centre for Social Impact Swinburne, 2019), Sections Four and Five.

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