Directions Part 1:
Perspectives, provocations & sense-making for strategy

Social Enterprise National Strategy (SENS) Project
May, 2021

Acknowledgements

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About this Report

This document is Part One of a three-part report that presents the considerations, findings and recommendations developed for the Social Enterprise National Strategy (SENS) project. The three parts are likely to be of interest to different audiences. While they are all designed for specific use in the Australian context and at this point in time, aspects of each will be of interest to the global social enterprise community, as well as its enablers and advocates.

In particular, Part One presents the complexities and nuances that characterise the sector and its development, and as such may be useful to those in other jurisdictions grappling with similar processes and questions - not least; how do we organise for greater impact?

Background
While the concept of a national strategy has often been discussed over the past two decades, the SENS project was initiated at the Social Enterprise Virtual Unconference in April 2020, in a session hosted by the Australian Centre for Rural Entrepreneurship (ACRE). With support from a number of sector representatives, the project was then taken forward by the Social Enterprise Network Victoria (SENVic) and ACRE.

The starting-point goal for the project was to develop Australia's first national social enterprise strategy, and to secure Federal Government support for its implementation. The original thinking was that the strategy would include an overall cohesive vision and a 10-year roadmap for sector development, with an additional focus on advocating for purpose-led economic recovery from the COVID-19 pandemic.

The English Family Foundation (EFF) and a group of other philanthropic organisations then joined the project to support its development, and the newly formed Alliance of Social Enterprise Networks Australia (ASENA) was also engaged in the formation discussions. Consistent with its engaged philanthropy strategy, EFF provided backbone coordination for the project and a SENS Advisory Committee was established. This group provided a sounding board and a conduit to a wider group of stakeholders. Advisory Committee members are: Nick Verginis, CEO SENVIC; Belinda Morrissey, CEO EFF; Dr Sharon Zivkovic, Chair SASEC; Matt Pfahlert, Founder and CEO ACRE; Tara Anderson, Head of Marketing and Communications, Social Traders; Jaison Hoernel, CEO Good Cycles.

The Yunus Centre was invited to partner on the design and delivery of the initial phase of the project. The Yunus Centre is an innovation centre, established in 2018 and based at Griffith University. Our purpose is to accelerate transition to a regenerative and distributive economy by growing knowledge and capability. Our approach is relational, applied, experimental, iterative and impact-led. It follows that this project, which seeks to employ knowledge and learning for collective innovation and impact, is highly aligned to our mission. The core project team, Dr. Joanne McNeill, Dr. Ingrid Burkett, and Alex Hannant, all have direct and deep experience of social enterprise sector development.

1: ASENA encompasses: Social Enterprise Network Victoria (SENVIC); Social Enterprise Council of NSW and ACT (SECNA); Queensland Social Enterprise Council (QSEC); South Australian Social Enterprise Council (SASEC); Western Australia Social Enterprise Council (WASEC); Social Enterprise Network of Northern Territory (Impact North); Social Enterprise Network of Tasmania (emerging). Together these membership-based non-profit organisations represent and support social enterprises across Australia.

A big opportunity

Right from the outset, we want to emphasise the significance of this project.

We don't know how many social enterprises are operating in Australia (one of many reasons why SENS is needed), but best estimates from five years ago suggest there were more than 20,000.[2] That figure may be higher in 2021.

Given that all of these organisations are creating multiple forms of social and economic value, whilst also achieving a degree of self-sustainability, and reach every corner of the country - this sector represents an extraordinary national asset and, in many ways, an unparalleled means to affect systemic change and positive impact. And now is a time that requires both of those things.

However, it is fair to say that this 'sector' is also fragmented, underserved, and currently not realising its latent potential.
We know from other jurisdictions that improved coordination, support and connectivity, orchestrated through national-level strategies, can yield a big upswing in performance.

We propose that if SENS achieves its goals, we can reasonably expect to see:
- Improved performance, competitiveness and impact of individual enterprises.
- Sector growth - through increased diversity, depth and distribution of activity.
- Amplification of impact resulting from improved sector coordination and collaboration.
- Increased influence on mainstream business practices and public sentiment.

These dimensions of change present a value proposition of national significance.

In all of our organisations, if we want things to work better we look to pull the levers of strategy and coordination to increase effectiveness - because no matter how talented our teams are, without alignment, culture and coordination, we are less than the sum of our parts.

Given the significant value Australia's social enterprise sector does and could offer our country, it's somewhat mystifying why we haven't activated the lever that SENS presents us with already.

And a considerable challenge

While the SENS lever hasn't been activated to date, it hasn't been for lack of trying.

As we will hear in this report, there have been previous attempts to organise, but there hasn't been the right mix of cohesion, craft, sustained capacity, and critically, resource, to achieve a successful outcome.

We would argue that there has also been a misappraisal and oversimplification of what actually needs to be done, or rather what needs to be done in concert. Chiefly, we challenge the idea that an effective national strategy is a given once a significant long-term investment is secured.

Indeed, we'd also argue if a truly significant investment was made into Australia's social enterprise sector tomorrow, it would likely be poorly used, cause fracture and dysfunction, and potentially be co-opted by the most powerful actors.

Yes, securing investment comparable to the (immense) value the sector has to offer this country is an integral part of a future national strategy, but making that particular ask is not the first work to be done. To test this point, we have asked our colleagues, 'if the Federal Government was to ring up tomorrow intending to make a $100m investment into the sector, who would they call and how do you think that process would play out...?'

We believe that until the sector's core leaders and stakeholders have a shared and convincing answer to this question, the priority work to do IS answering the question. Within that question, there are others. What does it mean to have a national strategy - is it the Government's, the sector's or both? What's its focus? Who holds it? Who does

it represent? How is it developed? How are decisions made and resources allocated? There are also other things that need to be done to prepare the ground for a productive partnership with the Federal Government, all of which will also increase the sector's self-efficacy and value proposition to other partners. These are surfaced and proposed in this report.

However, this does not mean there isn't an immediate investment case to be made. The preparatory work and securing the focused capacity that has been lacking in previous attempts to organise, need to be resourced. If they aren't, it would be speculative to expect a different result.

The investment needed now is catalytic in nature. It will provide the means for the sector to build its organisational infrastructure, mobilise a coalition around a powerful vision, and table a compelling investment case for how the social enterprise sector will pragmatically and profoundly impact Australia.

Through these reports, we hope to build a shared commitment to taking a holistic and robust approach to delivering SENS, and we also provide pathways for how we suggest this can be done.

Our approach

From the outset it was agreed that The Yunus Centre would approach the design and delivery of the project as a partner - recognising the substantial expertise and experience its team members brought to the task, and the resources it was prepared to co-invest in the primary phase of work.

Initially the focus was on developing a strategy document targeted specifically at the Federal Government, including recommendations on engagement methods and initiatives. Interviews would be focused on a small number of highly engaged and influential stakeholders. Within this scope, it was clear that understanding the purpose and nature of the tasks ahead, challenging assumptions, and establishing the right foundations, was critical before moving into action.

"If I had only one hour to save the world, I would spend fifty-five minutes defining the problem, and only five minutes finding the solution.' Albert Einstein

Developing the means to organise, align and progress a diverse and often fragmented sector of practice across the country is no small task, and at each step there are many elements that could become 'stuck'. As a result of thinking more deeply about the purpose and scope, and drawing on some of the initial interviews, it became evident that it would be useful to broaden the canvas to include a pre-strategy phase, which was identified as core to establishing a better shared understanding of the work ahead and to surface potential pathways forward. In consultation with EFF and the project Advisory Committee this resulted in shifting the emphasis of the project as a whole.

The evolved aims for the project became:
- **to establish informed and solid directions for SENS; and**
- **to build insights and a shared understanding amongst the key stakeholders who will need to work together to implement the recommendations, and beyond.**

This evolved focus required an expanded interviewee base so as to draw on a broader range of experiences and perspectives. The broader interview base has also been useful for building some of the relationships that will become critical during implementation.

Forty-eight participants were involved in 35 hour-long semi-structured interviews. Participants were carefully selected to include diverse perspectives from across Australia and around the world, and in particular for their specialist knowledge about social enterprise and/or affiliated sector development.

The group included perspectives from 'inside and outside' the social enterprise ecosystem, including: State networks and practitioners, intermediaries, government, philanthropy, influencers, and researchers. In addition to other valuable contributions, interviews with overseas colleagues provided valuable points of comparison:

- **US**: a context of where there is a lot of competition in policy influencing and a hard political environment.
- **Canada**: comparable in terms of the dynamics between State and Federal Government.
- **Scotland**: extensive insight and experience of organising and the co-production of policy.
- **UK**: a coordinated sector with active government engagement, but without a discernible overarching strategy.
- **New Zealand**: active in the early stages of a sector development partnership with the Government.

Interview transcripts were thematically analysed to elicit common interests, concerns, expectations, opportunities and cautionary tales. In addition, documentation provided by interviewees and additional desk-top research content has been reviewed and drawn on in the development of the reporting outputs.

The Yunus Centre also hosted an Advocacy Workshop for the SENS Advisory Committee, involving three guest 'provocateurs' – The Hon. Wade Noonan, Trevor Burns, and Professor Anne Tiernan. The clear message was to focus on 'the education piece' as a priority, to build awareness of social enterprise models amongst a much broader base than is currently evident; and that as part of this, cultivating and developing relationships with key influencers and decision-makers will be critical, and take time. This overarching advice was a consideration in developing the expanded scope for the project, and the detail derived from the workshop is woven throughout this report, with some of the specific ideas and tactics drawn on more fully in Part Three.

Ultimately, the deeper approach to exploring how the social enterprise sector can organise, elevate its profile and constructively engage with the Federal Government is not about simply securing increased attention and support relative to the current situation. It focuses on creating the conditions that will enable successful long-term engagement with the government and cohesion within the sector, allowing productive growth from within, effective and equitable allocation of new resources entering the sector, and increasing the prospect of successful implementation. In short, the project aim is to go beyond choreographing a successful 'smash and grab' campaign, to focus on creating the conditions for long-term sector growth and impact.

Reporting Outputs
The multiple input strands outlined above have been drawn together through a sense-making process that has included intermediate feedback briefings to the SENS Advisory Committee and ASENA.

We now present back the three-part document **Social Enterprise National Strategy - Directions:**
  - Part One: Perspectives, provocations and sense-making for strategy
  - Part Two: Strategy
  - Part Three: Ideas, tactics and useful resources

As might be expected, the diverse perspectives of the highly experienced professionals and practitioners we interviewed often remain at odds with one another. For practical purposes, this means that while there are some areas of clear agreement, other areas don't offer the comfort of a consensus view, and choices around priorities and directions will need to be made. To support the deliberations presented in Part One, and following the delivery and digestion of the three-part report, processes to support the subsequent implementation stage will need to be designed and developed.

What you're about to read and 'hear'...
Part One, presents a curation and synthesis of the input collected through our research-informed approach, including: dominant views and intriguing insights, tensions and deliberations, and our commentary on implications for the direction of SENS. These implications establish the context for Part Two, where we lay out pathways for what we think could happen next. Part Three is essentially a resource that will be available to support implementation when the time is right.

The style of the report is, perhaps, a little unusual. The narrative combines our 'voice' to structure and editorialise the non-attributed and aggregated perspectives of the people we talked to. We feel making our voice explicit in the narrative is important for transparency, but also as we bring our own useful perspectives and experience to the sense-making process.

Ultimately, our aim is to walk you, as a reader, through a collective conversation that represents the key arguments and perspectives that we experienced firsthand. We wanted you to get a sense of the variety of insights, and enable you to arrive at our recommendations with the benefit of their nuance.

1. On developing a national strategy

"Take time to form a solid long-term view and know what you really want."

In this section we explore... the basic premise of undertaking a strategy process that sits at a national level and seeks to engage the Government as a partner (and investor). Before we start this process, what expectations should we have for a national strategy and what should we consider when approaching the work?

Strategy for what?

The most consistent push-back we received when asking about the desirability of developing a national strategy was, 'that depends on what the strategy's for.'

The foundational question when developing any strategy is to ask what purpose it is serving. Why are you doing this? What are you wanting to achieve or change? 'What you're doing, why you're doing it, and how to get there'.

A strategy shouldn't be a generalised wishlist for support and investment. It should be grounded in overcoming real barriers, unlocking specific opportunities, and/or realising a bigger vision.

"You shouldn't try and do everything with this strategy - what do you need to happen at a national level that can't be done well anywhere else or in any other way?'

'Take time to form a solid long-term view and know what you really want'.

'If everything's a priority, then nothing's a priority. We knew what the pillars would be - social finance, business support, impact measurement, market access. That's the starting point - then look at the work of all the intermediaries, the networks, the support providers - and fill in the pieces. But then the danger is it becomes a broad description of what you've already got, rather than pushing the envelope around what the vision is, what the future role and contribution of social enterprise could be. You need that, so then you can work backwards from there - what are the strategies we employ to get there. That involves a lot of choices.'

We also heard that the value of developing a national strategy was not solely about the eventual outcomes. When done well, the process of developing a strategy is a means to strengthen the sector and its effectiveness. The primary importance of improving coordination across the sector will be a consistent theme throughout this report.

'The primary value of developing a strategy is the process of aligning and consensus building within the social enterprise movement that the strategy relates to, not the resulting policy document.'

'This is difficult to do but worthwhile - even getting people to think about where they fit within a national movement is worthwhile.'

Considerations for engaging governments (on strategy)

Levelling the playing field or promoting a new agenda?

Many of the contributors made the distinction between 'sector-based advocacy' which seeks to 'level the playing field' for a particular group within the status quo, and 'investment-based advocacy' which seeks to promote a new policy agenda and unlock resources to advance it.

To gain support for a sector or category of organisations, governments will tend to act when there is evidence of barriers or market failures that need correcting. To win support for new policy agendas and investments, there needs to be a compelling case and a convincing return on investment.

Governments will also be concerned about displacement, and how their actions might disrupt or disadvantage other stakeholders and constituents. They will also be sensitive to any potential political risk and criticism that a new policy approach and course of action might have.

"Categories get level playing fields, outcomes get investments'.

'Examine your proposal through their eyes and try and consider implications outside of your immediate sphere of interest.'

"It's not about you..."

We heard a clear message that progressing a novel investment case with any government isn't solely dependent on the proposition's inherent quality. Beyond the strength of the argument, a government's response will be contingent on how it speaks to its policy priorities, the current context, the balance of competing interests, and what's politically feasible.

For the purposes of SENS, this calls for recognition that social enterprise is not an end in itself, and that the overall goal that external stakeholders will be interested in is not 'a great social enterprise sector', but rather how it contributes to society.

'Policy making is contextual to needs, interests, circumstances and time. A strategy to engage a government needs to ask what problem does it solve for the government.'

'It's not about you, it's about them and the bigger picture.'

'If we are seeking investment to enable social enterprises to realise their potential we need to frame the case around the outcomes that social enterprise can deliver, rather than lead with what social enterprises need themselves.'

'To gain traction, a social enterprise strategy shouldn't be framed around what social enterprises need, it's what society needs.

In other jurisdictions, external factors and events have created the context for how a social enterprise narrative was shaped. Later in this report we will explore salient narratives in the Australian context which present opportunities for SENS to work into.

In Scotland, the impacts of the recession caused a rethink on public spending and opened up the space for innovation around service delivery, to which social enterprise could speak. Also, as questions relating to devolution and national identity intensified, the case for social enterprise was able to play into the emerging vision for an increasingly independent country - a new way of doing things that could inspire people and communities.

In Aotearoa New Zealand, the advent of the 'living standards framework' and 'well-being budget' has created a government-owned narrative for the social enterprise sector to speak to and align with.

Recognising the complexity of many issues governments are engaged in addressing, there was also a sense from the contributors that there is a growing interest in (and pressing need for) more systemic approaches and solutions, and that strategies with an overall narrow approach are increasingly likely to fail or win limited support. The most effective strategies will consider relationships across agencies and be able to make a convincing case that addresses a range of policy priorities.

Cautionary Tales

Many of the contributors urged some caution when seeking a partnership with the government, and to appreciate that a successful engagement could lead to politisation and co-option of the social enterprise agenda.

'What are the ways to address the root causes of persistent issues such as entrenched disadvantage and inequality?'

'There is potential that in trying to serve something up that appeals to the government, that it gets created in the government's image and not our own.'

'Government can adopt your agenda and turn it to its own political ends, such as the acceptable face of outsourcing or an excuse to cut services in other areas.'

At all costs, a strategy should avoid attaching itself to any part of the political spectrum or a specific government.

'A non-partisanism is important for long-term political viability.'

'Shouldn't attach yourself too strongly to one side of government. You can make compelling cases for social enterprise that appeal to both sides of politics.'

And be realistic about the time, effort and risks involved in getting traction.

'You have to be patient and resilient in trying to talk to and influence the government. It's a really long game and the agenda can flip really quickly when circumstances change - and a lot of groundwork can be lost.'

Don't focus entirely on government

While the majority of contributors saw the value of constructively engaging the Federal Government, most also believed that the national strategy should be discerning in what it sought from the Government and not be limited to them. It should also engage other stakeholders and create a platform for more effective self-help and intra-sector cooperation.

'There are certain things that only the government can do (e.g. legislation), but be clear about whether you need these and if you need them now. Find the right role for engaging them, and make sure they have the capacity to enact that role well. Also, work out what the sector can do itself.'

'Not sure about the life of a policy that's initiated outside government, but seeks to become the property of government. So perhaps the strategy has a broader set of uses, or a broader scope than just the Government. Who else should we be seeking to speak to and influence?'

'It should avoid being too insular - a national strategy should speak to stakeholders and actions beyond government, opening up conversations with a range of actors. It should also be a mechanism that facilitates increased dialogue and cooperation with the social enterprise movement itself.'

It should also be noted that the history of public sector engagement with social enterprise, and the evolution of supporting strategies and policies, has not been a linear progression - they can go backward as well as forward, or simply fall away.

'It's important not to become obsessed with government and to have a diversity of audiences in your strategic approach.'

'Some national strategies have failed because they put too much weight on the Government engaging with the sector - creating a lot of distraction for a contingent outcome. Central government is highly desirable but not necessarily essential.'

Tabling a strategy or convening a process?

Discussions highlighted that securing a government-backed strategy was rarely as simple as making a case, tabling a proposal and securing investment. Overseas experiences in Scotland, Canada and Aotearoa New Zealand have included multistage processes that started with organising first, then bringing the government to the table, and then developing strategy and actions plans through a co-production process.

In Aotearoa New Zealand, government support was secured to resource a three-year co-production process, 'The Impact Initiative', between the sector and a 'Cross-Agency Advisory Group' of Government officials. The initiative concluded in March 2021 and has produced 14 recommendations across five areas (social procurement, impact measurement and management, impact investment, tools and support, and leadership and connection) that, if adopted, would effectively represent the establishment of a national strategy by the New Zealand Government.

What has happened in other jurisdictions shouldn't determine how we approach SENS, but we do need to be clear about where we're starting from, what our 'strategy towards a strategy' is.

'Canada is in the process of co-producing their national strategy, it's been at least two years so far.'

'In Scotland, a cohesive ecosystem proceeded a long-term strategy - this enabled the sector to be responsive and reinforcing of government action. Having the capacity enabled sound relationships to be built, and foster ways of working that were enabling of each other.'

'I can see how this could perhaps be a pre-strategy phase that provides a platform for inviting the Government to get involved, that becomes a strategy and action plan down the track. But I wouldn't want to see engagement in such broad strokes that it doesn't commit anyone to action. So it needs to convert into an action plan at some point.'

'For me it's all about the process rather than about the document output per se. They are usually necessarily broad ambition Statements - and don't take the hard steps of taking tough decisions about priorities etc. As long as you can bring people on board in the journey, and get that political support, that's what's important at this stage.'

'It doesn't feel like the strategy itself yet - more the forming story and activities.'

Furthermore, we need to be clear on the relationship between the sector, a future national strategy, and the role of the Federal Government. There are some obvious variables here:

1. The sector making the case that the Government should have a social enterprise strategy, with the sector as a partner.

2. The sector has its own national strategy which, within it, has a partnership component that it seeks to develop with the Federal Government.

3. The sector has its own national strategy which includes a focus on coherent and ongoing engagement with the Federal Government, elevating the profile of social enterprise and enabling support and investment to be secured as and when appropriate.

Strategy *by* government, *with* government or *to* government…? These represent quite different, if equally valid, approaches.

'You can't build a great building on a weak foundation[3]'

Regardless of approach, the organisational infrastructure to deliver a strategy is critical, and often overlooked. This should be designed and in place in advance of engaging the Government, bringing them to the table, or seeking investment.

'A compelling vision and call to action can be a powerful platform to build on, but is not sufficient in itself - it needs to be built on strong foundations and backed up by subsequent plans for action.'

Beyond establishing the capacity to mount the case, it's also important not to frame social enterprise, or any future propositions, as being a new idea or field of practice. Rather, it will be important to emphasise how far the sector and supporting policy has evolved (at multiple levels), and focus the case on the opportunity to build on what exists - unlocking latent productivity and moving already considerable outcomes to the next level.

'Australia has a long and successful social enterprise history with varied and sophisticated support systems. The big opportunity available to Australia is to increase the connectivity and performance of this sector, and harness its latent capacity to address the complex challenges we face as a country.'

3 Attributed to Gordon B. Hinckley

Implications for SENS

1. At the start of this process we should be explicit and agree on how we aim to work with the Federal Government, and where a national strategy sits between it and the sector. This position doesn't need to be entirely fixed, but a starting preference with some thought on potential contingencies is desirable. A national strategy will also need a vision of what it seeks to change and achieve, which should look beyond the prospects of social enterprises themselves. We lay out a proposal on these questions in Part Two of this report.

2. A national strategy should speak to time, place and context. Insights and approaches from other jurisdictions will be useful in the development of SENS, but caution should be taken when inferring precedents and transposing frameworks from them.

3. Regardless of the actual focus, throughout the development and delivery of SENS there will need to be clarity and coherence around who's behaviour we're trying to change, what we are asking them to do, where the alignment of interests are, and what will enable them to take action.

4. SENS will likely need to make different 'types' of engagement with the Government. In all incidences, the argument and ask should be matched to the desired outcome. Where the goal of advocacy is to 'level the playing field', there needs to be a focus on demonstrating and removing specific barriers rather than seeking privileged positions. Where the goal of advocacy is to make the case for new investment to unlock improved outcomes, it needs to speak to government priorities, salient issues, and make a compelling case for how it represents a better (and more systemic) option than the status quo.

5. When developing the case for SENS, potential displacements and counter arguments should be anticipated - who might lose out as a result of increased Government support for social enterprise and what might be their criticisms? How might these risks be mitigated and managed?

6. Engagement with governments can be fragile. While government support can be a profound enabler of social enterprise and should be pursued, the efficacy of a national sector strategy should not be entirely dependent on it. Also, if government support is secured, there should be an expectation that the relationship with it, and its extensive apparatus, will require constant attention and management.

7. While the SENS project was initiated to engage the Federal Government, we believe it should be explicitly expanded in scope to engage other stakeholders with a national level perspective. This includes: philanthropy, the private sector, other levels of government, the public, and the broader impact ecosystem. It should also focus on greater direction, self-help and improved coordination within the social enterprise sector itself.

8. Before engaging the Federal Government on SENS, we propose there should be a considered pre-strategy phase which focuses on establishing the pre-conditions of mounting a successful investment case AND the foundations for its implementation. This is less about gaining consensus on the detail of what is being proposed, and more about strengthening the sector's organisational infrastructure. It would also include plans for mobilising a coalition that will have political influence and raising the profile of social enterprise in advance of making the case to grow it.

9. Done well, the process of progressing SENS will create value for the sector in itself. Doing this largely refers back to the previous point of getting the organisational infrastructure in place to ensure there is capacity, coherence and sequencing in the delivery of activities before moving into action. We return to this point throughout Part One of the report.

2. The case for developing a national strategy in Australia

"Every single person I've spoken with has agreed on two things: the current support ecosystem is sub-optimal and needs improvement, and to address the complex problems we're facing we need far greater collaboration."

In this section we explore... the underpinning rationale for developing a national social enterprise strategy in Australia at this time. We were interested in how people perceived the current situation, what was holding the sector back, and how a national strategy could change things. We also sought to appraise the feasibility of SENS.

Perceptions on the current situation

Most contributors believed that social enterprise activity, profile and relevance are on an upward trajectory. There is a groundswell of interest in related ideas like social impact, community ownership models, and the circular economy. The context of the COVID recovery is also material. Social enterprise offers much to the zeitgeist of the time.

'It provides a tangible way of working and consumer options that resonate with a growing number of people, especially younger generations.'

'Australian capital providers have a genuine interest in creating impact alongside financial returns - not purely, or specifically, impact investing, but a broader shift towards impact propositions.'

'COVID creates a context for innovation and a need to create a broader range of outcomes through public sector investments.'

'The social enterprise sector is on a growth trajectory at the moment - lots of pockets of development and innovation that can feed into a national strategy.'

'The current time is right, there's been a mushrooming of activity in the last 18 months.'

'There are a number of burning platforms smouldering at the moment and there will be an increasing need to try new things. The social enterprise sector can respond to these big challenges - it represents a massive unrealised opportunity.'

It was noted there are a growing number of businesses considering and including impact in their approach, and that this creates opportunity and risk for social enterprise. On one hand it raises the profile of the impact agenda and normalises it, increasing demand and raising expectations across the board - be that in relation to: sustainable finance, impact investment, procurement, impact measurement, or other regulatory considerations. On the other hand, it risks obscuring the relative value and differentiated needs of social enterprises who often work in areas of market and systems failure.

'As the wider purpose-led business or impact agenda grows, there will be more advocacy from a wider range of parties to the Governments. This is supportive of social enterprises' general agenda but could also subordinate their voice and needs.'

'There's increasing risk around impact washing, and a growing emphasis on the need to stand and demonstrate the impact and integrity of practice.'
'

In terms of the social enterprise sector itself - it is rooted in geography and diversity, but moving towards greater organisation.

'State level boundaries are currently the most material level of organisation and cooperation for social enterprise in Australia.'

'Each State network has emerged differently, different focus, different resources etc.'

'Strategy is largely bottom-up at the moment, coming up through the States and they're all a bit different. Lots of potential for reinventing the wheel, and in some cases deliberately doing things differently from what others are doing.'

'State networks are at different stages of maturity, and have different contexts and so some different priorities. The more mature ones don't need so much of the grass roots development stuff, but other States do.'

'The State networks are a real strength for sector development, and hope ASENA can bring them together around this.'

'All the State networks are lifting their gaze a little, beyond the daily and immediate level work.'

What's constraining the sector's development and impact?

The key factors cited as constraining the sector include: a lack of coordination, being consistently under-resourced, and a lack of appropriate support and recognition.

Lack of coordination

There was a near consensus view that the sector was fragmented, within itself and from the wider impact movement.

'There's an incoherence of practice across the social enterprise sector and a lack of organising forces. Different bands of organisations doing similar work but using different language - big potential risk, especially when engaging with government. Language creates fragmentation.'

'Diversity and experimentation are valuable, but it needs to be balanced with greater consistency so we can accelerate. To develop the sector we need both - the bottom-up view from local perspectives, and the overarching top-down strategy.'

'State networks could go rogue and be uncoordinated if there is no connective and cohesive force. There's also a cacophony of competing intermediary voices.'

'The sector is highly fragmented. Unknown extent of impact of the social enterprise sector and unrealised network effects. The size of the sector is unknown but probably bigger than it represents through current networks and support organisations.'

'So much difference between support ecosystems in the States and a lack of visibility between them.'

'A lot of sector development activities have taken shape at a State level or around ecosystem functions, such as investment. There's weak ties and consistency at the national level on most aspects of sector development and coordination.'

'A wider lack of cooperation and coordination between different groups within the wider impact sector. Engagement happens informally, but no obvious or consistent coordination points with the

social enterprise sector to hold and progress these intra-impact movement relationships.'

'Joining things up is needed; this strategy is a good step. If we can demonstrate our value collectively - including social and environmental outcomes - to the government, that's powerful. A strategy around that could change the conversation, make the value being generated undeniable. Also important to act as a mirror back to the sector, back to ourselves, to push us to be continuously improving and innovating. Establishes some accountability both ways.'

'We need cohesion at a high level - what does good social enterprise development look like, at an overarching level.'

'The sector has been held back by not having a representative body that is both independent and fit-for-purpose, but it's hard to get paid for that work, it needs resourcing.'

Under-resourced

Social enterprises are often both struggling to get by and also taking on additional activities and responsibilities.

'Social enterprises are consistently under capitalised - too many are young and fragile organisations without enabling balance sheets or easy access to capital.'

'Social enterprises often lack the size and capability to access procurement opportunities, and are unable to meet the costs of working collaboratively to win big bids.'

'Social enterprises are too small, too few, too fragile, and often in competition with each other.'

'Lack of capacity in social enterprises to measure their results and articulate the value of their impact.'

'There's pressure on the capacity of practitioners who are on the boards of networks to undertake significant sector development work. They are usually the right representatives but have very limited resources to grow the role of networks.'

'The State networks have limited resources, and not necessarily always the right people as a result. If they had strong capacity across the range of content needed, that would be different.'

Lack of support and recognition

There is a lack of appropriate support and enabling policies. Experiences from across Australia and other jurisdictions confirm that standard business supports and market mechanisms don't address the needs of, or support opportunities around, most social enterprises.

'Government investment in social innovation infrastructure has a different hurdle rate.'

'Socal enterprise gets scraps of R&D support and it fundamentally inhibits their ability to experiment, commercialise and scale.'

'Under-investment in social economy R&D, and a need for better education on it.'

'The Australian Government doesn't currently have a considered approach to enabling impact through business and isn't providing the right type of incentives and support structures.'

'Lack of incentives for buyers to increase their engagement and trade with social enterprises.'

'Lack of capacity building options available. Specialised capability builders often have precarious funding models themselves and offer inconsistent quality.'

'Social enterprises face higher running costs because of the additional services they provide and aren't recognised for additional (social) value they create.'

'Social enterprises are constrained by disabling policies and not recognised for the value they create.'

'Social enterprises will continue to struggle until structural changes are made, and until their additional costs and value creation are recognised.'

'Structural issue in impact investing space - investors looking for social returns but offering commercial rates and getting a social return. The pricing of the value is not adequate. Funds need to come off that commercial rate to better represent the value of the social outcomes.'

'Lack of accessible capital priced relative to real value (they create) or at a scale to bring costs down.'

'Social enterprises do the work of employment service providers but don't get the support or recognition.'

Some parts of the sector are more underserved than others.

'The current social enterprise ecosystem is unbalanced with the majority of the specialised support being very East Coast-centric.'

'Social enterprises in the regions, with less developed support systems, are less able to access existing (and scarce) nationwide support and resources because they are coming from a more fragile footing, potentially reinforcing disparities.'

Misperceptions and a lack of understanding are contributing to a sub-optimal operating environment.

'There's still a lack of awareness and understanding of social enterprise in areas such as procurement, and the capacity of corporate buyers takes years to build.'

'At the State and national level, there's a low level of awareness and understanding of social enterprise in government.'

'State governments have very different awareness, concepts, and approaches to engaging with social enterprise.'

'Often within government, social enterprises are still seen in a vacuum - not properly understood as either part of a shift in business or as an effective partner to deliver public services.'

'Representations of social enterprise have too often been skewed towards a welfare and charitable framing - warm and fuzzy but underplaying their economic value.'

'Social enterprise is often seen as a nice thing to have but misunderstood and undervalued.'

'Social enterprise practitioners often don't feel like they're taken seriously.'

'From the outside, there's confusion about the 'impact sector' - the nature of different approaches, why different approaches are adopted, and how they intersect.'

How could a national strategy change this?

Flipping that diagnosis on its head, the contributors felt the most valuable changes a national strategy could make were to:

1. provide direction and cohesion;

2. improve visibility and credibility; and

3. grow the resource and capability base.

Direction and cohesion

A national strategy can provide direction and hold a collective vision for the sector.

'A national strategy will give us that larger, higher-level view. We'll be able to see how social enterprise is developing all across the country. There are good activities and leaders in many areas now, a national strategy could give us a framework to work more effectively together.'

'A national strategy will validate all the work people have been doing for decades. It will help convene key actors and enable a way of evolving and growing together. Ultimately, it will enable the sector to create more impact.'

'It could provide a longer-term perspective for social enterprise development across the country - articulate a vision and goals of where we want to be as a community.'

'Lots of 'doing' going on at the State level, national strategy should be more aspirational - overarching framework that State networks can plug into and work towards.'

'States can play a 'nuts and bolts' role of facilitating day-to-day support for social enterprises in their jurisdictions, the national strategy provides a platform to amplify achievements and provide guidelines of where the collective movement is heading.'

'Help turn the scarcity mindset into a growth mindset.'

'A national strategy and better coordination could help address the disconnects between State and Federal Government policy.'

It can also provide the connective tissue to foster greater coordination on policy and practice.

'We need a unified approach across the country, so State leaders and networks can all contribute to something larger in terms of policy influence. Especially in terms of impact investment, and things like ATO decisions. We need that higher level thinking and engagement on the big issues that affect how social enterprises develop on the ground.'

'Foster a united voice, or at least a 'go-to platform', for government and other ecosystem actors - reduce confusion and fragmentation.'

'It could help grow an enterprise-based infrastructure that mirrors and complements the national development in social impact investment.'

'Help coordinate how practitioner networks engage with intermediaries and how intermediaries engage with each other.'

'A national strategy could validate all the work people have been doing for decades, bring them together around it, and enable further growth so as to create more impact.'

'We have all the elements already; it's about building cohesion and coordination amongst them.'

'Smooth lumps and strengthen connections between disparate actors. Also increase the consistency of terms and language.'

'Greater presence and coordination will bring on board the disconnected parts of the sector and expand our numbers.'

'Potential to build cooperation and increase operating efficiencies across the country.'

'Help monitor the growth in the size, strength and resilience of the sector - a guide post for knowing if that is happening.'

'A national strategy will give us that larger, higher value view - to see how social enterprise is developing all across the country.'
'Help us to share what we know and learn, and not keep on reinventing the wheel.'

In addition, clear direction and greater cohesion would enable the social enterprise sector to realise its potential contribution to a bigger societal shift - through influencing practice in the mainstream economy and public sentiment, and also opening up the opportunity for increased cooperation with the wider impact movement.

'Help foster a shift in values and mindsets to change the way we think about the economy and community in Australia.'

'Push towards social value becoming commonly recognised in purchasing and financial transactions.'

'Increase coordination between social enterprise and the broader impact movement, and also with mainstream sectors and actors.'

'Big ideas can convene multiple stakeholders to enable them to engage and participate in them. A national strategy could foster a broader platform for collaboration with actors outside of the immediate social enterprise sector but who have shared goals.'

'We can find ways to include other enablers in the system and recognise what's already there. If there is a common and compelling vision, the strategy can be a convening force.'

Visibility and credibility

A key opportunity is to raise the profile of social enterprise and and improve the legitimacy of the sector with decision makers, corporates and the general public.

'Reduce ambiguity around what social enterprise is for major stakeholders in the private, public and community sector - increased legitimacy will enable better regulation.'

'At the individual level, grow awareness of social enterprise so the majority of people know what it is and what 'good' looks like.'

'A key goal will be to legitimise social enterprise as a mainstream economic approach.'

'A national strategy should provide legitimacy and normalise social enterprise as a part of the economy.'

'Recognition of social enterprise being a valuable partner in a sustainable economic recovery from COVID.'

'Change the narrative around social enterprise - not niche, not small, not charity. Invite more people into the concept.'

'Foster greater confidence and assertiveness from the social enterprise sector - present the work as a valid and important business model, not a sector built on handouts.'

'Grow respect for the innovation and resilience inherent in the social enterprise sector.'

As activity and competition in the impact field grows, especially in respect to market-based approaches, a national strategy could help to elevate the distinct profile of and value proposition offered by social enterprise.

'Build understanding within the public sector of the potential of business approaches to create public value, and social enterprise's distinct role and needs within that wider movement.'

'Education and clearer articulation about who's who and the rationale for different approaches in the 'impact sector' will reduce confusion and scepticism.'

Formal engagement with the Federal Government will provide value by association and a means to evolve new policies at all levels of government.

'Working at the Federal level brings a spotlight and level of credibility. It shines the light on what's going on and provides an Australia-wide platform. It enables greater leverage at the State and local levels.'

'Federal Government support enables investment cases to be made at the State, regional and local level.'

'Use the legitimacy of a national approach to foster State-level development and investments, and also help the levelling out of State-level approaches through improved cooperation and resourcing.'

'Would give the sector an added layer of legitimacy and build trust; help with issues related to there being no legal form. Makes us more visible and opens up the potential for regulation to catch-up, like legal structures and proof around social impacts.'

Resources and capability

In other jurisdictions, national strategies have led to increased government investment in the sector and enabled the expansion and sophistication of practical support. These supports are also likely to have a knock-on effect.

'Catalyse more sophisticated approaches to policy and investment that enable local level development.'

'Government support would help to unlock new investments from the private, philanthropic and local level government.'

'A thriving social enterprise sector will enable more effective philanthropy and will unlock more impact investment.'

'Opportunity to activate the universities as key allies to the social enterprise sector and unlock their capacity to engage in research, education, procurement, and other supporting activities.'

'A national strategy can play a role in levelling-up capability and support across the States.'

Is it feasible?

From contributors, we heard that there was a strong case for developing a national strategy, but we were also interested in the feasibility of standing it up. While the majority of interviewees believed it was feasible, there were also caveats in relation to some pre-conditions - awareness, cooperation, and resourcing. We were often reminded that influencing political and policy agendas is a long game - effective advocacy takes patience and resilience.

'It will be challenging to put a case forward unless the basic concepts are well understood by the government.'

'Successful engagement with governments in other jurisdictions have relied on an educated political class.'

'No point making a national case when the environment isn't right or the coalition is too small.'

'Feasibility is about the commitment of the stakeholders involved - not just to the document, but to acting on it and bringing it to life.'

'Tricky when there's no funding. Previous attempts haven't been funded and haven't had the resources to get ahead or the legs to stay the distance.'

'Moving this forward will be reliant on the sector demonstrating its maturity and working together collaboratively.'

'Advancing a strategy will be really important but coordinating it will be fraught. Important to have the right structures and processes in place to enable effective organisation - to convene and manage friction.'

'Has been tried multiple times but there hasn't been a whole-of-sector approach before.'

'A lot of these documents can end up saying lots of nice things, but nothing that goes to direct action that will affect change in the social enterprise sector. So what are the actions that need to be taken to achieve that, and who are the actors that need to take them. And what are the barriers or constraints those actors have, that are stopping them doing something differently. Not just what needs to happen, but how it can happen.'

Counter points

There were some contrary views on the value of developing a national strategy. Some parties thought the barriers to social enterprise growth were overStated and that while more support is always welcome, there were no major failures preventing the development of social enterprise, perhaps, other than its own shortcomings at an individual organisational and a collective sector level.

A small number of parties were not convinced that a national strategy would be particularly effective because it was at the State-level where implementation was most relevant.

There also remains some frustration in respect to earlier attempts to organise at the national level, and also a perception that funds have been misused/captured when government(s) have previously invested in the sector. It was suggested that there is still a feeling that a lot of time, energy and resources have been wasted, and that faith and trust in both governments and intermediaries has been eroded.

'Not convinced a national strategy would help. Could do, but not convinced. Based on experience with other national strategies in areas that are more State responsibilities. Ended up being a very motherhood kind of thing. Drained resources and time and didn't really achieve very much. Would be different if the Federal Government were saying they wanted to do a strategy, and had a bucket of money to put behind its implementation. Without that it's hard to know how it helps anyone and it might distract from State-based activity.'

Implications for SENS

1. The majority of contributors believe that a national strategy is vital to the development of the sector, and is also feasible. This is not just about getting ahead (and getting more out of what already exists), it is also about not falling behind (or being disconnected) in an expanding, dynamic and increasingly noisy impact ecosystem.

2. We heard that the most important things that SENS could focus on with a view to changing were holistic development activities, including:

   • Facilitation and stewardship of a long-term vision and direction.

   • Inter and intra-sector coordination.

   • Providing a 'go-to' point of contact for external (and powerful) stakeholders.

   • Demonstrating the value and elevating the profile of social enterprise.

   • Leveraging partnerships and new resources for specific elements of the support ecosystem.

3. While there are references made to more targeted supports and direct investments, the elements in respect to higher-level coordination, direction setting and profile building distinguish themselves as being a) currently missing, and b) best done at the national level.

4. While the value of engaging the Federal Government is clear, many of the priority actions identified (and concerns raised), reiterated the importance of approaching SENS from an endogenous perspective. Improving the sector's coordination, connectivity and profile need to be done regardless of the relationship with the Federal Government. Indeed, strengthening them will improve the prospects of achieving effective engagement with the Federal Government, and also help mitigate potential negative impacts of doing so (such as distraction from State-level activity and resource capture). This doesn't solve the issue of how these activities can be initially resourced, especially when current capacity is diagnosed as a major constraint.

5. As SENS develops, a focus should be retained on what can only be done, or is best done, at or from the national level. State-level activity (and regional and local) will remain an essential dynamic of the Australian sector, and a national strategy should serve and complement this agency and diversity, not try to homogenise it. We explore this point further in later sections.

6. Multiple contributors discussed the potential for SENS to call upon our 'better angels', and articulate a powerful vision for what the country could be - 'a view of Australia that we can be proud of'. We have previously heard that focusing the SENS proposition on outcomes is (practically) likely to gain more traction when mounting an investment case. In addition, we've heard that a bigger vision is more likely to foster alignment within the sector (this is a community of purpose as well as interest), and also provides the means to connect and organise with a wider range of stakeholders.

3. Who's this strategy for?

'Social enterprise' is one of those 'essentially contested' concepts that are almost impossible to define accurately: 'a fluid and contested concept constructed by different actors promoting different discourses connected to different organisational forms and drawing upon different academic theories'[3].

In this section we explore... that persistent and challenging question - what is a 'social enterprise'? Or rather, how should SENS describe parameters of practice and who should be considered its primary constituents?

A diverse field of practice, perspectives and identities

With all the rich diversity of backgrounds, identities and practices, social enterprise often struggles to neatly define its space. Despite the use of commonly accepted definitions, there remains ambiguity around parameters and use of language, and some of the underpinning qualifiers remain contested. This creates challenges for framing a strategy where external audiences will demand clarity and edges will be needed.

Despite this challenge, we believe it is important to also emphasise that the sector's diversity is a strength, reflective of society and the systems we work in, and should be celebrated. We also believe that while parameters will be needed, we can separate the requirement for clarity from how the sector evolves and organises in practice.

In this section, when we refer to the 'accepted definition' we mean the definition which is most commonly referred to in Australia at this time - such as in the 'Finding Australia's Social Enterprise Sector'[4]

mapping study, eligibility criteria for Social Traders' certification, and many government strategy documents. In this definition, "*social enterprises are 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*."

At a broader level, it should be noted that there is a lot of category confusion around this debate. B Corps, Social Businesses, Social Enterprises, and Co-operatives are not different types of organisation within a set - they are descriptors defined by different types of parameters which often overlap, and that serve different purposes - e.g. certification of standards, legal structure, clear-cut principles. As such, it's worth noting that we often debate the definition because we're talking about different things.

3 Roy M.J. (2021). Towards a 'Wellbeing Economy': What Can We Learn from Social Enterprise?. In: Gidron B., Domaradzka A. (eds) The New Social and Impact Economy. Nonprofit and Civil Society Studies (An International Multidisciplinary Series). Springer, Cham
4 Barraket, J., Mason, C. & Blain, B. (2016). Finding Australia's social enterprise sector 2016: final report. Melbourne: Centre for Social Impact Swinburne

Towards an inclusive movement...

Many of the contributors believe that we should be evolving beyond a prescriptive definition so as to forge a broader movement. The most consistent point of alignment was that social enterprises should be defined by having an explicit and primary 'impact' mission.

'Is social enterprise the right framing? Does this strategy need to go beyond a niche sector or a type of organisation and offer a bigger vision? Do we build a case around an 'inclusive economy'?'

'We should organise around explicit objectives rather than criteria, and let organisational form fit context. The objectives of a 'social enterprise' are more important to society than adherence to a narrow definition.'

'An explicit mission, and ensuring fidelity with that mission is the fundamental point.'

'Focusing on the fundamental purpose of an organisation - definition by intention - would bring social enterprises into closer alignment with the wider, and growing,'purpose-led' business movement.'

'The definition should be broad and not limited by an arbitrary reinvestment number. Focus should be the mission of the enterprise.'

'Narrowing the definition of 'social enterprise' restricts the size of the constituency.'

'We should avoid unnecessary exclusion, and have a bias towards an inclusive rather than prescriptive definition.'

'If we are too exclusive, we may miss the zeitgeist. We need to create space for a movement that responds to growing sentiment and meta trends.'

'The SDGs can provide a grounding narrative and framework - an outcome-orientated framing that can provide an interface with other stakeholders, and a means to align and hold the diversity of social enterprises.'

'This impact movement is evolving, and the blending and blurring of boundaries is an exciting space.'

'Even though it's easier for government stakeholders, if there are parameters around what we mean by social enterprise, it over simplifies the

diversity, the nuance, the complexity - and through that we all lose.'

'Should celebrate the differences; not the push to become more the same. There's a path dependency to it - we're on a journey that is based on the history of what's come before. Need to build on it, not keep backtracking. Diversity shouldn't be a problem, it should be a positive. Recognise the more complex and nuanced space that offers, and in terms of the kinds of outcomes it can generate. Widens the frame of what's possible, away from a focus just on what there's evidence for.'

But a broader agenda can lead to dilution and obfuscation

While most contributors understood the nuances around definition and the opportunities that a more inclusive approach presents, many of those who have been actively involved in strategy development and government relations were quick to point out that the contestability of definition is not helpful. Especially when seeking to communicate with, educate and influence elected representatives and policymakers.

'If you don't draw lines, when you come to lobbying, evidence, etc. it becomes too vague. To develop a sector, you need to be explicit and clear, and know who you represent.'

'Yes, tight definitions can limit the potential to achieve outcomes, but measurability requires delimiters.'

'Specific strategies for big umbrella movements are challenging. It can erode the opportunity to describe a clear case for intervention with specific characteristics, needs and required supports.'

'A bigger agenda that goes beyond the divisions is all well and good, but how do you hold and progress it without becoming overly diluted or glossing over differentiated needs?'

'Mobilising a broader impact movement provides opportunities, but also presents challenges for making an investment case, not least calling out differentiated needs and integrity around impact.'

'Temptation to be inclusive but denies the benefits of specificity. A broad church approach is aspirational but impractical - a breadth of constituency leads to lack of effectiveness.'

'The definition is not perfect but neither can it be. Differentiation will always create exclusion, but the (accepted) definition is as good as it gets.'

'Set parameters, but then locate social enterprise within a broader impact ecosystem, and celebrate the connections.'

'You need a strategy to determine who's in and who's out - broadly inclusive is preferable, but you need parameters to avoid dilution and losing people.'

'To keep it broad, but with coherence - it comes down to leadership and relationships; you have to make the case why everybody is better off in the tent than outside it. Collective voice and scale. That's doable, most people will see the value in the bigger picture. But not all will, and sometimes you've got to leave people behind.'

Where are the dividing lines?

The definitional requirement to 'reinvest the majority of profits' is the main point of tension. This is particularly an issue for social enterprises that are also privately owned organisations, including: entrepreneur-led enterprises, worker-based co-operatives, and Indigenous businesses.

These enterprises don't (generally) get access to the benefits that nonprofit (and asset locked) organisations are eligible for, such as charitable status and philanthropic support. The stipulation on reinvestment can run up against a number of factors, including:

- Perceptions that the balance between individual risks/costs and public benefits/obligations is unbalanced.

- Perceptions that the qualifier is rooted in ideology not practicality, is an anachronism, and/or has been inherited from a jurisdiction with a different operating context.

- Creation of undue complications and constraints in relation to accessing finance (primarily related to equity investments).

- Contextual clashes where the distribution of profits is also how social value is created (e.g. wealth creation

'Indigenous entrepreneurs are mostly impact-oriented, but can be excluded because the language, definitional framing, and organisational structures retain inherent cultural biases.'

'Most Indigenous businesses (including remote community businesses) are driven by social impact implicitly and from the outset. Indigenous leaders telling them that they are social entrepreneurs by their nature. Building cultural and community centred goals. It's usually around the money flows that it gets confusing; people can feel like they aren't part of the club'.

and distribution amongst marginalised cohorts and/or communities, and/or where self-help / self-determination / ownership is key to shifting entrenched power dynamics).

While certification processes can manage these nuances in practice[5], misinterpretations and negative perceptions relating to unnecessary complication, interference and/or relevance, pertain.

The other separation point relates to the proportion of income generated through trade in the overall revenue mix. Here, the tension often relates to what is deemed 'substantial enough'.

'A large nonprofit might have a successful trading arm that generates significant income (more than most social enterprises), but is a small proportion of the overall revenue mix. Is it in or out...?'

For example, some disability enterprises operate for all intents and purposes as social enterprises, but are unclear where they sit in relation to certification-driven definitional requirements due to the proportion of revenue generated through trading activities, particularly where they are part of a larger nonprofit organisation and its balance sheet.

'Anecdotally, I think around 20% of disability enterprises have applied to be certified as social enterprises, but I'd say the majority could, depending on their accounting methods.'

It should also be noted that the general value and use of a definition is perceived differently within the social enterprise operating environment, with parameters often determined by the context and purpose of an activity. For example, a community of practice, especially in place, can often be defined by intentions and value generated; whereas a preferential status that bestows particular benefits is more likely to require evidence of certain practices and standards (that reflect the context of the transaction).

'Definition and certification has a role in reducing risk for buyers, and is therefore an important value driver for suppliers and the procurement aspects of strategy.'

As such, greater scrutiny and definition is of more relevance to parties who have a strong interest in, and reliance on, particular policies and markets, such as social procurement (which has become of great importance to many social enterprises)[6].

5 For example, Social Traders has operationalised the definition in a way that does not require reinvestment of profits into the social purpose.
6 Social Traders have emphasised that definition (in the context of certification) is particularly important in light of the potential for commercial gain associated with identifying with the term social enterprise (e.g. social procurement). A significant proportion of their certification applicants are now coming from regular, commercial businesses. In their context, a clear picture of how the definition is operationalised and tested is paramount.

Other actors see definition and certification as less relevant - and in some cases quite cumbersome - to their identity and operations.

Alternative approaches

The working definitions of social enterprise developed and used by QSEC and in Aotearoa New Zealand both allow the 'majority reinvestment' qualifier to be swapped out for the 'majority of expenditure being aligned with mission'. This aims to recognise and be inclusive of enterprises that deliver impact directly through their core products and services - rather than resourcing impact indirectly through the reinvestment of profits into parallel activities/partnerships; and also seeks more flexibility around the use of profits.

Other State networks also have adapted qualifiers for their membership. WASEC has asserted that 'any Indigenous business is a social enterprise by definition' and Impact North leans into the framing of 'impact-led enterprise'.

Taiwan, like some other jurisdictions that have undergone more recent 'formalisation' processes, emphasises the demonstration of impact as more important than the reinvestment of profits - they focus on a 'mission, market and measurement lock'.

The Euclid Network in their recent manifesto to EU Member States presents social enterprises through a principles-based lens rather than through a prescriptive definition:

"We understand social enterprises as enterprises with the following characteristics:

- *The enterprise has a clear social or environmental mission that is set out in its governing documents.*
- *The enterprise is independent and generates revenue through trading activities.*

'In South Africa, they are doing a lot of work on their social economy policy - focus in consultations seems to be on how to develop trust between organisations, rather than on definitions. Think the definitional debate is a place you can stand only when the sector has been supported for so long, like in Scotland. It's a kind of luxury in a way. In the US, or Malaysia which is newer to this - the focus is much more on social impact and social entrepreneurship, than on social enterprise as a noun. Much more focused on the verb - doing good. Amsterdam's Doughnut Economics model - all framed around social entrepreneurs, all about doing good. In the newer activity, no-one seems to want to touch social enterprise unless it has that broader inclusive framework. About getting people on board foremost; gathering all the friends you can.'

- *The enterprise sees profit as a means, not an end goal.*
- *The enterprise is governed and owned in the interest of the social or environmental mission.*
- *The enterprise is transparent about how it operates and the impact it makes."*[7]

In other jurisdictions, the whole framing is evolving.

What serves us now?

'A broad definition is fine, but you do need to know who it includes and who it doesn't, and that should be a deliberate choice so it's not meaningless. And if you cut some out, you need to be clear on why and what objective that serves.'

'Name the different perspectives and movements and acknowledge the confusion and fragmentation.'

'We have to name the politics of inclusion and why trade-offs are needed to foster (structured) success.'

'If you determine to put edges on the definition, be very deliberate about the edges and explicit with the rationale - recognise it is a strategic choice not an inherently 'correct' classification.'

Clarity and cohesion to make progress

Pragmatically, we believe there needs to be definitional clarity around SENS to minimise confusion, shape communications, and gain traction with the Federal Government and other key stakeholders on a national strategy.

However, we make this proposal based on what we believe is practical for the development of SENS **at this time,** and not because we believe the 'accepted' definition is entirely reflective of where practice sits or should remain fixed over the longer term.

'The benefits of having a difficult conversation about where your line is in terms of definitions, is that it makes later stuff much easier. If you don't draw any lines, then you have to kind of interrogate that every time you want to do something - research, lobbying etc. Especially makes it easier if you're doing legislation or anything with government really. I would encourage drawing of some definitional boundaries, even though it can make it hard at the start. Some entity needs to be prepared to take that hit though, when people aren't happy. And you're not saying we won't engage with you, just that we're in this exciting phase when we need some clarity to communicate.'

7 Euclid Network. (2020). Social enterprises, pioneers towards a just and green economy (in line with the SDGs). See: https://euclidnetwork.eu/wp-content/uploads/2020/11/en-manifesto-nov-2020.pdf

In the 'implications' part of this section we table a proposal for a more principles-based description that might be put into motion through SENS so as to avoid some of the main points of tension (around prescriptive qualifiers - as discussed above) and to gain buy-in across the State-based networks. We suggest that if a middle ground can be struck, more consistent communications and clarity around what social enterprise is will increase the number of organisations who identify as part of the sector, and so grow its size and depth accordingly. We recognise that certification, as it works at this time, will continue to require a greater degree of specificity. However, this is a separate and sub-issue that is of key relevance only to some parts of the sector (as discussed above).

Protection as the sector grows

In respect to certification, we also recognise the protective value it provides to the sector, especially as it seeks to grow and gain greater mainstream traction.

This value was recently demonstrated in the UK, when one of the UK's oldest social enterprises, 'Clarity', was taken over and then allegedly denied disabled workers £200,000 in wages. SEUK was able to decertify Clarity, and mitigate reputational damage to the wider social enterprise sector.

It is inevitable that as the profile and value of impact in the context of business grows, that there will be increased incidence of green/social/impact washing, and that this could have negative implications for social enterprise at a broad level. The inherent issue here can be understood through Gresham's Law - a principle stating that where two forms of commodity are accepted as having similar face value, or are not distinguishable from each other, the more valuable commodity will gradually disappear from circulation - "bad money drives out

'As the sector matures, and is more recognisable to those outside the sector - some potential for the sub-parts to start to become more distinct and want to push their own identities more. Could be through the influence of specific policy initiatives and/or be related to the stage of development, but in the early stages, all the effort is on bringing everyone together to present a cohesive voice.'

'Significant diversity can still sit within a base definition.'

'We define ourselves around 'charitable', and do use this lever in our lobbying to the government. See ourselves as the 'enterprising nonprofits' part of the spectrum. Being labelled social enterprise would only be an issue if we started to see a lot of 'social washing' going on.'

good". Certification can provide important safe-guards that help mitigate these risks, and can also be positioned so as to demonstrate competitive advantage.

We heard that integrity of practice is essential for the long-term success of the sector, and that many practitioners, including potential new entrants, want to avoid association with commercial operations that are making impact claims but which in reality are based on self-interest.

Differentiated need

The 'pathway to strategy' we propose in Part Two of this report, splits the proposition to the Federal Government and other key stakeholders into two components: 1) the vision and big idea around what social enterprise intends and offers - which also invites partnership from the wider impact movement, and 2) the investment case for what the social enterprise sector needs, specifically, to deliver and scale its outcomes.

This second (investment) component is specific to social enterprise as it reflects their differentiated needs - which are at least partly related to often operating in thin or failed market environments, and/or to the additional 'impact costs' they accrue in pursuit of their missions - and will therefore benefit from clear parameters and descriptions as a result.

Exclusion vs. better engagement

There are many 'lost tribes' of social enterprise whose inclusion in the sector would significantly swell its constituency, and its power and potential, if they could be engaged with effectively. Some of these organisations do not see themselves as part of the social enterprise sector not because they are excluded from it, but because they are distanced from it either by perception, holding another stronger identity, and/or have weak ties to any formalised aspect of the sector's activities.

'Victoria has the best mapping of the sector, but still issues of non self-identification (don't see themselves as social enterprises). Very hard to build a strategy around organisations that don't identify as part of that sector. Some of them have their own peaks too.'

Many organisations in the following groups fit within a base definition of social enterprise, but aren't necessarily currently identifying or engaging with the social enterprise sector:

• disability organisations
• charitable recycling organisations
• trading off-shoots of large nonprofits
• co-operatives
• Indigenous businesses, and
• creative enterprises.

This is not a phenomenon unique to Australia. In the UK, Social Enterprise UK made the case for the size of the sector being underestimated by more than half (The Hidden Revolution, 2018)

From the discussions we had with adjacent and overlapping network organisations, such as Supply Nation, B Lab, BCCM, the Charitable Recycling Network, and Australian Disability Enterprises, we heard that there is much opportunity for an organised social enterprise sector to collaborate with these bodies, and a willingness from them to do so.

Here's a snapshot of that potential:

• Supply Nation has more than 2700 Indigenous businesses in their marketplace, many of them with an explicit commitment to social value.

• The Charitable Recycling Network is a membership body with more than 3000 organisations, the majority of whom are within the scope of the accepted definition but do not necessarily self-identify.

• Disability enterprises - BuyAbility represents more than 180 disability enterprises with over 600 outlets and more than 20,000 employees around the country.

• Other groups, including: affordable housing providers, sporting clubs, the banking/insurance sector, and Arts and Creative organisations.

• B Lab sees itself as a complementary movement. Some B Corps are also social enterprises, and also some are cooperatives or mutuals. It's good that

'Supply Nation is a social enterprise itself, and it has members who very neatly fit the definition also. We have different categories of registration, trying to reflect the diversity of our members. We don't have a social enterprise category per se, but that's not that we wouldn't.'

'Also important to remember there are lots of different Indigenous communities around the country, all with different views. If or when you do go down the path of more direct engagement, just make sure to reach out to the broadest group possible. And we can help with that.'

'We have around 3000 outlets in our membership network. Includes big-names and very long-running charities, with strong reputations and visibility to government, as well as all the mid-tiers and many small. And we're growing, with membership increasing every year.'

'Disability enterprises are commercial businesses that operate as community businesses. See them as social enterprises.'

'There's also a lot of opportunities around young people with disabilities interested in starting their own social enterprises or businesses. So we're a sector that has lots of potential to grow beyond the original vision for supported employment services.'

'Think it would be seen as positive for disability enterprises to be represented within a national social enterprise strategy, and think it would be seen as a gap not to include them.'

'B Lab sees itself as working in a complementary way to the social enterprise sector. Have some members who are social enterprises, and also some that are cooperatives or mutuals. Good that we're involved in this process. How much involvement we had ongoing would depend on how the scope ends up and how relevant it is to our goals. But we see it as an important overlap.'

we're involved in this process. How much involvement we had ongoing would depend on how the scope ends up and how relevant it is to our goals. But we see it as an important opportunity.'

Looking ahead - a dynamic space

What serves SENS now is not necessarily what will serve the movement in the future. While clarity for the purposes of organising and communications is the current priority, as the sector develops and becomes stronger, we suggest it should remain open-minded about how it evolves in order to both grow impact and also to proactively attract and include new actors whose inclusion would better represent the size, shape and potential of the social enterprise sector.

Counter points

Not only did this topic elicit strong and divergent opinions between contributors, many (knowledgeable and experienced) professionals expressed conflicting perspectives within their own contributions. This is a complex topic with mutually valid and contrasting arguments.

While not a consensus view, some contributors feel that the direction of travel in market mechanisms (i.e. financing and procurement) is moving towards a focus on evidencing outcomes rather than pre-qualification/ certification of organisational types or practices.

This argument often went in hand with the view that the narrowness of social procurement criteria have needlessly restricted the development of an impact marketplace. A shift towards 'impact procurement' or 'impact sourcing', would open up the marketplace to a wider range of actors, and reflect impact investment approaches where the potential for outcomes tends to trump the characteristics of the organisation that is invested in.

'Identity is really important - your capability to go diverse is dependent on the strength of relationships. A lot of differences are perceived rather than real.'

'Developing the pipeline of social entrepreneurs and social enterprise founders requires engagement with young people, so their perspectives are important ones to consider in defining boundaries.'

'To understand what growth could look like for the sector, you need inclusivity - that's where the new entrants will come from. Don't think we need to resolve this in the strategy, but things are moving on and there's a sense of wanting to focus on impact now. If we're going to realise that - we need as many people as possible involved. Being too exclusive will miss the opportunity for real change.'

One overseas contributor suggested that homogeneous cultures adopt narrower definitions more easily, and that the Australian definition (where the sector is a patchwork of cultures and contexts) may need to frame social enterprise differently than in, say, Scotland.

Another interesting comment was that 'those who feel strongly about definition tend to win out more than those at the edges.' Caution was urged when progressing a focused 'social enterprise' strategy, so as to avoid creating more division within the sector and also with adjacent bodies and networks.

Implications for SENS

1. While most people express frustration with the definitional debate, it is still a live concern and an unresolved matter for much of the sector. It needs to be explicitly, constructively and transparently addressed within the development of SENS. Choices need to be made. However, as outlined above, **these choices should be considered as relevant to this point in time and for the explicit purpose of establishing a solid and inclusive platform through which to organise.** Future evolutions will likely be necessary, and should be considered as part of regular strategic review processes.

2. Social enterprises have much to gain from being part of a wider (market-based) impact movement, and also from working more closely with other actors within that movement, where there are often overlaps in core constituents. However, they also stand to remain under-served if their specific and differentiated needs are not clearly articulated and catered for.

3. At this time, we argue that mitigating risks of confusion, dilution, appropriation, and an unequal operating environment outweigh the potential gains of taking a broad church

approach in SENS. We propose that SENS adopts a clear description of social enterprise and the parameters within which they work. However, we also suggest there are ways to **do both** - to develop a social enterprise (specific) communication campaign and investment strategy, AND to propose a vision and call to action for a broader 'impact economy' or 'inclusive growth' movement, in which the social enterprise sector plays a central role. We outline our recommendations around this in Part Two of this report.

4. While we advocate for a clear definition for social enterprise for the purposes of progressing SENS, we believe there should be a discussion as to whether that definition is adopted directly from the accepted definition, or opts for a more 'principles-based description' (such as the Euclid Network definition outlined earlier). This would be consistent with the accepted definition, but less prescriptive. We table this discussion with the reminder that at least three State networks are already using definitions that differ from the accepted version, and that the requirements for framing a strategy are different from certification (which remains of key importance to the sector, especially where benefits and preferential statuses

Implications for SENS

are in play).[8]. To this end, a principles-based definition for SENS could be, 'Social enterprises:

- *Have clear and primary social, environmental or cultural mission, set out in their governing documents.*
- *Generate revenue through trading activities.*
- *See profit as a means, not an end goal.*
- *Are transparent about how they operate and the impact they make.'*

5. Through the SENS process, a proactive approach should be taken to build the sector's self-identifying constituency. Primarily, this will be done through communication and engagement with adjacent organisations in the impact movement. This will increase the political capital of SENS and also build the coalition behind the vision of the strategy.

6. It will be important to include Indigenous businesses in SENS, even where they don't label themselves as social enterprises. Looking ahead, shared ownership of a sector strategy with Indigenous businesses could be an important and significant goal, but will likely take time to foster. In order to facilitate and create space for this development, discussions around definition and identity need to be genuinely open to influence by Indigenous perspectives. It should be noted that in Aotearoa New Zealand, increased sector engagement with Māori has led towards a more inclusive definition which emphasises intention and values over prescriptive practices: "*Social enterprise are: impact-led organisations that trade to deliver positive social, cultural and environmental impact. They often reinvest their profits to further fulfil their purpose or mission. Not all use this term. Māori businesses that focus on impact may use other terms like whānau enterprise or Pakihi Whai Kaupapa.*"

7. A future sector strategy should look beyond social enterprise per se, as its core constituents. Maintaining engagement with and between different networks, sub-groups, communities, types of organisation, and identities will be a critical aspect of sector coordination and function. The organisational infrastructure will need to consider and work on multiple axes, including:

- geography
- economic/industry/market sectors
- impact areas and/or systems
- different characteristics of operations - i.e. place-based, asset-based, procurement-led, scale, stage of maturity, etc.
- sub-groups with distinct identities
- existing and adjacent networks, and
- practitioners, intermediaries and supporting organisations.

8 For example: in Aotearoa New Zealand the new sector-led development proposal (based on a three-year sector building process), a high-level description for social enterprise is adopted but a more prescriptive definition for the purpose of procurement certification is retained.

4. Who 'holds' this strategy?

"It's the 'authorising environment' that's most important to us right now - credibility and legitimacy with government and other stakeholders. It helps to fill the vacuum above us."

In this section we explore... who will be responsible for managing, governing and progressing the work of SENS; where power will sit, how it will be negotiated and how a credible and coherent voice will be presented to internal and external stakeholders.

The importance of a steward

We heard that at the centre of progressing SENS was a need for trust - credibility, connection to practitioners, fairness, and an understanding of the realities of the sector in Australia. ASENA was seen as a positive development in this regard.

'This strategy should represent the interests of practitioners, and ASENA is a proxy for this.'

'Evolving a national strategy through the networks makes sense - it provides greater legitimacy and representation than previous attempts. Previous approaches were skewed by intermediaries.'

'ASENA is potentially a natural holder for this work. The strategy should represent multiple interests and not be skewed towards any particular actor. ASENA can be a steward of a national strategy.'

'The Social Impact Investment Taskforce (SIIT) makes ASENA more material by providing a practitioner-led counterpart.'

We often sensed an underlying anxiety in these discussions. History, current tensions, and the prospect of where power and influence may sit in the future, created juxtapositions - in the same conversations we heard both tactical concerns and transcendent aspirations.

'Needs to avoid being a copycat of overseas or being led by intermediaries, needs to be fit for the purpose of navigating the contemporary context and also be future oriented.'

'Biggest points of tension for a national strategy are in the tensions between the intermediaries, the social entrepreneurs themselves, and their networks. Balancing that voice is hard. This project gives us a big opportunity to map the way we play

in our own space, and also how we play together in the sandbox. Where those intersecting circles could be fruitful, could give us collaborative leverage."'

'Being social enterprise-led shouldn't mean that intermediaries aren't important, or shouldn't be included in the development of strategy (or be supported by it). If it's a national strategy, that's bigger than ASENA. ASENA needs to facilitate the involvement of others.'

'Networks are critical but not without scrutiny. The State networks are currently stacked in different and random ways, due to their nascent development and origin stories. They need to evolve their governance and approach in parallel with national developments. They should be resourced appropriately, but also ensure they have the right experience and capability in leadership roles.'

'Perhaps the organisation best equipped to hold this strategy doesn't exist yet, and needs to be established.'

Beyond who is best placed to hold the strategy within the sector, it was noted that the nominated actor, body or function will also be of great importance when engaging external audiences.

'Governments often want a neutral and legitimate partner and channel for investment. Network organisations are natural aggregators and can unify disparate voices.'

Implications for SENS

1. A lot of this tension lies in the balance of power between the practitioner voice, social enterprises organising and representing themselves, and other ecosystem actors.

2. Regardless of how it's done, there needs to be a credible and capable steward for SENS that holds the interests of many different parties and the sector as a whole. This isn't just about good governance, the role needs to be an active facilitator, able to adapt and evolve the approach as it weaves together interactions with a wide range of stakeholders, and also communicates developments back to the core and oversees progression. Good design, choices and staging here will mitigate potential conflict and the need for protracted consultation.

3. While there is strong support for ASENA taking a leadership role, ASENA members are not necessarily aligned in who they represent or what they're seeking to achieve. They also have limited, or at least uneven, capacity and are still finding a rhythm for working together; i.e. they have their own development process to work through alongside SENS.

4. Furthermore, while the voice of social enterprise practitioners should be elevated (from amongst funders, investors, intermediaries and other ecosystem actors), care should be taken not to over-correct historical imbalances at the risk of marginalising other stakeholders in the social enterprise ecosystem at this crucial time.

5. We propose that these tensions could be managed by establishing a credible (for all stakeholders) vehicle that has a clear 'independent' mandate solely focused on 'raising up' the sector as a whole, including serving and supporting ASENA, but that also has the capacity and mandate to hold and evolve strategy from an ecosystem perspective, and to serve other important groups such as intermediaries. This vehicle could play a similar role to an organisation like Social Enterprise UK, but designed for the Australian context.

5. Good process for developing a national strategy

"In the Scottish case, the act of trying to come together to coalesce around something was much bigger than a document. The process was actually the important part, as already, the document itself doesn't hold a lot of steam for the sector anymore. The process is important, but also not necessarily something you have to get perfect - if its practitioner and grassroots led, rather than policy led, then it's going to be hard to get people to converge around a set of themes. So what's important to pay attention to is less about what's in the final document, and much more about how it can mobilise a sector and bring people together."

In this section we explore... the process of developing a national strategy - the sequencing of activities and how engagement is managed with different stakeholders. We were particularly interested in the balance between 'going slow, to go together' and 'going fast, to get things done'.

Good process matters

We consistently heard three things concerning the importance of process when developing a national strategy.

1. The process is where much of the strategic value is - the act of organising strengthens relationships and creates new ways of working which result in improved cooperation over the long-term, regardless of the strategy document that is actually produced - so view the process as an investment in that.

2. Have a credible core team who can lead the process - make sure they can coordinate and communicate with key networks and stakeholders well, and that they're prepared to adapt the process based on how reality plays out.

3. Sequencing matters - focus on the things that you can get agreement on and mobilise people around them first; try and push a focus on detail out until you have resources in play and real choices can be made.

'Advancing a strategy will be really important but coordinating it will be fraught. Important to have the right structures and processes in place to enable effective organisation - to convene, establish collaborative goals, and manage friction.'

'Across jurisdictions, the 'social enterprise coalition' has always been messy - a strategy shouldn't seek (and won't be able) to homogenise this diversity. Rather, the aim is to create a platform that enables the broad range of constituents to better achieve their individual goals within a collective vision and system of support.'

'In any movement, there needs to be space for controversy and debate, otherwise you're just reproducing the power relations that you're trying to overcome. So we need to be prepared to listen to each other and find the common ground.'

'When seeking to engage governments don't be overly prescriptive on a specific investment framework - focus on process.'

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'Links down to grass roots movements builds the trust and credibility to engage upwards.'

'Think about the strategy and the action plan as two different things. Strategy outlines the vision, what you want the strategy to achieve. If you can get everyone to buy into that on some level, that's great. Then how you do it - the action plan - there's always going to be lots of different ways. Let people quibble about the details and come forward with their good ideas about how to do it at that level, as that's where a lot of the competing interests become really apparent. It can really suck the energy out, so try not to have these discussions at the vision/strategy level. Firstly get buy-in on what you're trying to achieve.'

'Very few sector development strategies are particularly novel, innovative or even strategic, they are essentially story-telling projects that bring people on a journey and secure political support for further engagement. Manage expectations about the ambition of 'strategy'.

Fostering ownership

We heard that for entrepreneurs and practitioners to engage with a strategy that might seem nebulous to their daily work, they needed to see themselves in it - i.e. discussions they can have a say in, a vision that reflects their values, and/or plans that offer them tangible benefit.

'Have to build ownership within the sector. Building the vision is the work we do as a sector first; then go to the government with aligned positions and specific proposals'.

'If you want to get deep and specific, you need time and depth of engagement - can't get nuance from a smash and grab engagement.'

'Good design process needs engagements that are both homogeneous and heterogeneous - depth and diversity - who are the reluctant voices that need to be pulled in?'

'Useful to build support for the strategy first; so you can go into all the work of the detail with some confidence.'

'Problems happen when people feel like they're left outside. Have to find a way for everyone to see they have a role to play, and what that role is.'

'A strong vision is near essential to convening and focusing a multi-stakeholder group, equally, transformational intent is fed by diversity - diversity requires vision and also drives it.'

'There should be broad buy-in before proposing recommendations to the government.'

'How can we involve communities that will be most affected - 'nothing about us without us'.'

'Good engagement processes build social capital that becomes material when networks move towards more technical, structured and difficult discussions and decisions.'

'Outline our collaborative goals, so we can all work out which is our piece of the puzzle to work on etc. The playground is big enough for everybody, just need to work out who's working where.'

'Think we need to talk to people. Is it a team from the national group that goes around to help activate conversations on the ground? But who's got the funding for that? It's time intensive - smaller networks may not have capacity. But you do need that granular level conversation around themes and priority areas to make sure the balance is right - between regional and metro centres. Some way to make sure we've got balance.'

'If not deep consultation, then timely and transparent communications on method and progress - let people know what's going on!'

But if you want progress, be pragmatic

On the flipside, we also heard, especially from those contributors who had been directly involved in leading similar strategy processes and securing engagement with national governments, that getting cut-through was critical if you want to actually get anywhere. There needs to be a balance between going together and getting ahead.

'You don't need to consult and ask for permission on every step - preparing the ground with the government doesn't commit to course of action, reserve consultation to the times when it matters and the implications are material.'

'Strategy development needs to reflect the breadth of social enterprise activity and real needs, but it doesn't need to be representatively owned.'

'Leadership groups need to take risks and can't keep everybody happy. They have to demonstrate a willingness to act, offer a clear vision, and put their heads out above the parapet.'

'In Scotland, the higher-level strategy, based on received knowledge was advanced by a small sector group for efficacy. Subsequent action plans, which were significant in allocation of resources, incorporated greater engagement and consultation.'

'Securing support for developing a strategy, before developing the strategy itself, shouldn't be a requirement. There may not be an appreciation of what you're trying to develop, but after people can see something more concrete, enthusiasm will likely grow.'

'Getting a strategy up and winning support is the important thing - the platform it would secure will enable more representation over the long-term.'

'Needs to be both top-down and bottom up. More bottom-up at the moment; drawing in more top-down at this point would improve efficiency and effectiveness.'

Indeed, extensive consultation may not always be helpful...
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'Over-consultation creates a political environment that's often unnecessary.'

'In some places, there is a sense of over-consultation, so engagement needs to be framed carefully. But enable engagement where it's asked for and provide a genuine sense of voice and ownership.'

'There'd be a right time to do the broader representation thing if that's needed, but it creates a political process too which can drain energy. Not sure this strategy is the place to do that.'

'A lot of fatigue from over-consultation, especially with Indigenous communities; and that doesn't bring about any change. Don't think talking with lots of enterprises is needed for this strategy.'

'Would be difficult to get consistent attitudes, points of view etc from the network at the moment; too early, very fragmented and mostly tiny start-ups. Having something that we can start to align with, and to engage people around, is more important right now than a deep consultation process around content.'

And we already know a lot about what needs to be done.

'There's going to be a challenge to make this exciting to those who've been around a long time, and to those who are so busy doing their enterprise they don't have a lot of time to engage at this level.'

'Social enterprises need to see themselves in the process and content, but also recognise this is not necessarily about something new - it's about packaging and doing a better job of communicating what we already know we want.'

'The issues are really well known, there's not much new - maybe changed circumstances due to Covid - but the systemic barriers for social enterprise are known. So if we can articulate those, we can then test them with the broader networks - rather than going out with a blank slate; that would be too laborious and time consuming. How can we short circuit things by articulating well what we already know, then iterating it through testing?'

'Good process comes from being really clear as to the purpose of the national strategy. A lot of the content we already know. It's not about talking to lots and lots of people; it's about getting really clear on the messages and making them more understandable. It's a translation exercise, to a large degree.'

'There's a lot of wisdom already and a lot of knowledge about what social enterprise needs. So I think consultation could come after the synthesis work this project is aiming to do, and part of that consultation is creating advocates within government.'

'Issues are well known, lean on the credibility of networks (to fast track initial stages) and move the process of consultation and testing to after the proposition is developed.'

Practitioner networks provide legitimacy

Most of the Australian-based contributors saw huge value in the role of the State networks, and that they provided both the legitimacy and the engagement points for ongoing communications and consultation with social enterprises across the country.

'Working with ASENA and State networks is enough for legitimacy - while making sure there are opportunities for genuine engagement and input.'

'Going through the State-based networks makes sense - a good level of representation, and more than in the past. Previously it has been dominated by a lot of intermediaries.'

'State networks provide the best conduit to facilitate input from individual social enterprises and practitioners.'

'Conversations within States need to be led by State networks.'

'Should come from the practitioners, but pragmatically that probably means the State networks.'

'Think if the State networks are engaged, then it's pragmatic to go through them to engage with the sector at the enterprise level.'

But there was also recognition that the State networks are not homogenous, and have differing levels of capacity to be able to hold and undertake this type of engagement.

'In terms of engaging communities, a series of posed questions - or creative inspiration points - would be good; that could be distributed digitally. State networks are well placed to connect to regional champions, and we'd be happy to play a role like that. But not sure if or how that may work for other States, and important to remember that it's not homogenous around the country, or even within a State.

'In terms of credibility, and whether each membership network will be comfortable with input going through the State-based entities, depends on the relationship each State network has with its members. It's a question for each jurisdiction to answer.'

Counter points

We heard some anxiety about who's voice would be most influential in the development of SENS.

'Need to balance the influence of intermediaries. Need to balance the influence of big personalities and influencers.'

'Hard to identify and engage with social enterprises beyond immediate networks, and they often have limited memberships, so the fidelity of any real representation is a moot point.'

'We wouldn't want to see it dominated by the largest and most organised.'

'Use the networks and initiatives that already exist to engage; but also important to look at bottom-up approaches and make sure they are represented and have some opportunity to input. Will get better buy-in that way, and also a lot to learn there.'

We also heard about the very real challenges of developing a process, vision and strategy that could actually speak to the vast diversity of the social enterprise sector.

'Rural perspectives are different from metropolitan perspectives, States are different from each other and highly differentiated within themselves, social enterprises that are rooted in specific industries and sectors have their own identifiers and support structures. The more remote actors inevitably have less visibility and voice.'

'Barriers and needs are very different across the sector. When it comes to the actual design of investments or action plans, proper co-production (and identification of needs) will need to be done with social enterprises across States, sectors, stages and geographies.'

Finally, we heard about the potential frustration of waiting for a process to take shape before knocking on the door of the Federal Government - especially when there are immediate opportunities to be tested around the COVID recovery and an upcoming election.

'While taking time to bring government to the table there are also urgent priorities that create opportunity, and social enterprises can't afford to miss out on that.'

'In progressing this strategy, there will be a tension between engaging and acting - social enterprises need to see themselves in the development process and proposition, but you also need to avoid paralysis and a sense that this is a paper tiger.'

Implications for SENS

1. It's important to note that there wasn't a clear consensus on the best balance between upfront sector engagement vs. progressing strategy via a more agile and directive group. On the whole, the contributors who had experience of similar processes favoured being more pragmatic on the need to make progress - 'putting heads out above the parapet', and we recommend erring towards this approach. We believe it will be important to provide a sense of momentum to retain the enthusiasm and confidence of sector stakeholders, especially those who have experienced previous processes and are fatigued by many years of 'sector building'.

2. We also believe that the State networks provide the sufficient level of representation and legitimacy that will be needed to progress strategy, at least for the initial stages of the process. In addition, they could provide the appropriate conduit for communications and consultation when a broader base of social enterprises needs to be engaged.

3. However, it should also be recognised that the voices influencing the 'sector' at this moment in time are unequal in power. This will not necessarily lead to bad outcomes, but it is a risk that needs to be surfaced and managed as

decisions within the process become more material and consequential.

4. Going forward, we believe that the level of engagement and consultation should be proportionate to the materiality of any given decision - for example, bringing the government to the table doesn't need consultation, determining how a sector-wide investment will actually be allocated (potentially through 'action plans') probably does.

5. That said, engagement is about more than consent and legitimacy. Where feasible, pro-active engagement should be pursued to also:

    •   Build the size of the sector's constituency and political capital.

    •   Build relationships and trust, especially with aligned sectors/sub-sectors, and lay the foundations for constructive future discussions when specific activities and investments are determined.

    •   Create starting points for identifying 'horizontal and vertical' collaboration and/or joint-initiative opportunities; i.e. testing the waters for early-stage implementation activities.

6. Indeed, we have consistently heard about the value of a national strategy process, outside of the end strategy itself. We have discussed what this might look like with the SENS Advisory Committee, and propose some proof points for how the SENS process might be evaluated beyond the achievement of the obvious goals:

    •   Increased trust and cooperation between lead actors in the sector.

    •   More consistent use of communications and messaging across the sector.

    •   Identification and appreciation of differentiated voices across the sector.

    •   Expanded public profile and awareness.

    •   Development of a shared sector vision

that is expressed and celebrated at SEWF 2022.

•   Further development of ASENA.

•   Structured and constructive conversations with key stakeholder groups in the wider impact movement (such as those discussed elsewhere in this report).

7. As we have discussed before, the development of SENS sits within an existing and busy ecosystem that extends well beyond social enterprises. Sensitivity to and engaging with relevant organisations, groups and initiatives within this wider ecosystem will be a critical part of the process, and for fostering the conditions for long-term success - with the Federal Government and other stakeholders. Diplomacy, humility and proactive communications will be needed to do this well.

8. Hosting SEWF 2022 provides a rare opportunity to convene the sector, launch a national strategy, and invite in key stakeholders to articulate their story and role within it. We propose it provides the right platform and timeframe (not too near and not too far) to be locked in as a key milestone in the SENS process.

6. Considerations in approaching Federal Government for support

"Demonstrate skin in the game. Show the government what you've done for yourselves and what you will continue to do. Show how their support will be a co-investment not a hand-out, and that you have the capacity to be a credible partner on implementation."

In this section we explore the input of contributors in relation to securing support from Federal Government; however as discussed throughout it is recommended that this specific focus be revisited once the sector-building initiatives discussed in Parts One and Two of this report have been implemented, or are well on the way. We include the content presented in this section here to ensure the process through which input was sought from contributors is transparent. The The input included here is also drawn on in Part Three of this report.

The high-level framing of engagements

We have previously heard that presenting social enterprise as an inherently good cause in its own right is unlikely to gain the traction required to unlock support and investment from the Federal Government. The SENS proposition needs to be shaped and connected to the needs and interests of actors within the Government in order to mount the case. This can be done in a number of ways.

Align with their interests

To secure support from any given government, the proposition needs to align with policy priorities and/or address a pressing problem.

'Connect to the strategic goals and the ambition of government.'

'Identify the issues that are changing and emerging - perspectives on procurement, climate disclosure, gender equality etc. Issues that present political opportunity or risk.'

'Be part of the solution to the big problems.'

'This government has a narrative focus on entrenched disadvantage.'

'Start with the target outcomes and populations, you'll lose people if you start with social enterprise, let alone intermediaries!'

Clarity and conviction

We heard that SENS will often be engaging busy politicians and policymakers who don't necessarily have a reference point for social enterprise. Communications need to be clear, concise and unequivocal. In this context, SENS shouldn't be trying to tell a nuanced story of the secto. Its first objective is to gain attention, land an argument, and generate enough interest to secure the next meeting.

'Can't lose the audience with too much explanation - explaining too many things will lose people.'

'Clarity on what social enterprises are and what their value propositions is, is essential. The case must be easily understandable as not many politicians have the bandwidth to do complexity.'

'Avoid confusion and build consistency in framing and communications.'

'Need to demonstrate there is genuine scope of growth - not a moribund sector of activity that requires subsidies to sustain itself.'

'Bear in mind you may face a credibility gap, the current Federal Government is suspicious that social enterprise is 'subsidised business'.

'Articulate what the competitive advantage of social enterprise is in relation to creating public value. We are currently spending billions of dollars on sub-optimal systems and services - how can we position social enterprise as a credible option to improve the status quo?'

Build on strengths

Framed and presented well, the social enterprise story has a lot of things going for it.

'Social enterprise offers an inherently good story - the media like it and politicians like the association. Social enterprise is a great product that needs better marketing.'

'It's always a good story around a social enterprise that taps into the emotion.'

'Demonstrate how social enterprises have positive social impacts while being smart with resources.'

'The promise of financial self-sufficiency is an attractor for governments and philanthropy.'

'We need to describe social enterprise better as they actually are - 'legit business doing legit good'.

'Social enterprises deliver multiple outcomes through their operations. This is a real strength. You need to use your imagination to make propositions that surface and clearly communicate these co-benefits.'

'Tell a story of what social enterprise is achieving now, and what could be achieved with further investment - outcomes of national significance and nationwide reach.'

'It's the economy, stupid'

While many social enterprises create positive social, environmental and cultural impacts, we consistently heard that we need to focus on the economic narrative. If a convincing economic story can be told, there is a strong platform to build the argument on, and the wider social impacts become part of that value.

'For most governments at this time, the economic argument is the primary argument.'

'Lean into the economic proposition of social enterprise - 'this is a type of business'.'

'Social enterprises are mostly SMEs, and small and medium sized businesses are the 'heart and blood of the nation'.'

'Locate and communicate where social enterprise sits within the wider economic system - part of the whole but with differentiated strengths and needs.'

"Co-operative and social enterprise business models gain traction when they focus on particular sectors of the economy."[9]

Problems and opportunities with political traction

A key design element for SENS will be connecting a vision that the sector aspires to with issues that social enterprise is well placed to make a genuine difference around, and with problems and opportunities that resonate with the Government. We asked the contributors what they felt these might be.

'What are the really complex, intractable problems we're facing as a country? The same things come up over and over again - food security, migrant and refugee integration, community cohesion, Indigenous advancement, regional community development, health, environmental sustainability etc. We need to put what social enterprise can do around these into the language of government.'

9 Turnbull, G. (2020) Towards a Co-operative State, University of Adelaide

'Jobs, jobs, jobs...'

Unsurprisingly, the key topic that came up was employment and, critically, decent work.

'Work-integrated social enterprise (WISE) is the dominant proposition from a government perspective. Not sure where that leaves the case for social enterprise more broadly, but that's the game in town.'

'Anything that can create a job for someone, especially if they are disadvantaged is of huge value to the government. People in government recognise that people will miss out in the COVID recovery and are trying to compensate for that.'

'The effectiveness of delivering employment outcomes - demonstrate how social enterprise can offset the huge costs of welfare programs.'

'Demonstrating social enterprise's success in creating employment, pathways into employment and employability skills is key.'

'Social enterprise can provide a counterpoint to the gig economy and increasingly precarious nature of employment - inclusive working environments, enterprises run in the community interest, distributed ownership models etc. all provide interesting options to off-set political and social risk.'

Regional Economies

We also heard that there was a powerful fit between the challenges of economic development in regional and remote communities, and the effectiveness (and precedents) of social enterprise working within these contexts.

'Regional communities show a decline in most indicators - poorer, less opportunity and less optimistic. Social enterprise is a proven approach to fostering regional economies and revitalising regional communities.'

'Demonstrate how social enterprise can be an enabler within local communities, and an effective approach in thin markets or where markets don't really exist.'

'Social and community enterprise can mitigate the 'leaky bucket' problem of government funds pouring in and then out of regional communities.'

'Social enterprise has a good track record in economic participation in remote and disadvantaged communities.'

'There are some great case studies emerging that show how small scale regional cooperatives are enabling local ownership of assets and creating businesses that serve the long-term interests of communities.'

'The Federal Government likes diversity in regional economic development.'

'Narratives connected to local economic development, place-based approaches and community wealth building are getting traction.'

'Outline the potential for social enterprise to collaborate with local governments to create resilient local economies.'

Economic inclusion

In addition to geography, we heard that social enterprises' ability to address other forms of economic vulnerability was a key argument. Social enterprise can tell a compelling story in respect to: refugees and migrants, women and girls, Indigenous peoples, young people, and groups at risk because of COVID or bigger structural change.

'Social enterprise is an under-utilised approach to addressing economic exclusion and the entrenched disadvantage that it creates.'

'Show how social enterprises are businesses that contribute to the economy AND respond to the needs of people and communities in a direct way.'

'Social enterprises promote equity by assisting individuals with high barriers to employment in acquiring jobs that can lead to long-term employment and compensation.'

'The framing of self-help, community ownership and employee ownership is appealing to both the left and the right.'

'40% of Australian landmass is under Indigenous title. How can social enterprise approaches enable Indigenous peoples to get more sustainable value from these assets?'

'Demonstrate how social enterprise can help increase the sustainability of sectors that have been put at risk by COVID, such as tourism.'

New economic trajectories

Social enterprise can also speak to where the economy is heading, be that playing a role in the circular economy, sustainable food systems, net-zero transition, or responding to changes in consumer and investor sentiment. It's also a good story for Australia's image and international reputation.

'Managing waste is a big issue and the circular economy is a big opportunity. Show how social enterprise is part of the next industrial transition.'

'Food systems and environmental sustainability are only going to become more important.'

'SDGs especially climate change - the Australian Government needs to report back on progress via the Paris Accord and have stories.'

'There's an international angle here too, many social enterprises export and add to the brand and reputation of Australia.'

'Highlight how social enterprise is in step with the changing business environment - the leading indicators that relate to more resilient businesses, customer preferences, investor sentiment, and motivations of talent and the future workforce.'

'The creation of social impact and public value through partnership with enterprise is a framing gaining traction, and one with potential durability.'

'Look to connect with a vision and values for the nation. What the economy is for etc. Social enterprise as something that can help us find a way towards a new model of economy. Where means and ends are considered, and where we try to get upstream of the problems we're trying to address - not just lots of sticking plasters everywhere. Once you have that framing, it becomes easier to show why social enterprises are important.'

An effective and reliable partner for Government

Social enterprises can gain traction with the Government by presenting themselves as an effective partner in the delivery of public services, and also highlighting the opportunities around procurement.

'Position social enterprise as a responsible provider of human services. Especially in sectors like aged care where private sector services have proven to be risky, and disability services where there's federal ownership.'

'Social enterprises humanise the provision of key services, service recipients are engaged as valued members of society not commodities.'

'Social enterprise can offer efficacy in the delivery of public services - nimble, creative, high-quality, and effective. Transferring implementation risk from the government.'

'Emphasis that social enterprises often provide solutions that are preventive, and can reduce the costs of government services by reducing demand for them.'

'Across jurisdictions, the procurement opportunity has a lot of currency within governments, and is perhaps one of the primary attraction points in relation to social enterprise - a means to de-risk procurement and generate more public value.'

'Governments can drive better outcomes for disadvantaged people by leveraging their procurement policies. Social enterprises are a broad sector of suppliers that can unlock more public value through government procurement.'

'When governments practice social procurement they are re-investing taxes from the community back into the community, maximising purchasing value, enhancing local economies, and growing local jobs.'

'Social procurement is driving social enterprise.'

Inherently innovative

Finally, we heard of the importance of social enterprise presenting itself as an inherently innovative sector. It has a track record and capabilities for solving problems with and for the Government and its citizens.

'Inherently innovative - social enterprises are about solving problems.'

'The social enterprise sector provides the government with a partner in societal innovation - R&D for complex and persistent challenges.'

'Social enterprises work in the gaps. They're 'canaries in the coal mine' and can provide government insight on how policy is working - valuable information as well as outcomes.'

'Social enterprises deliver outcomes that cut across policy silos and departments, there's a potential role for the social enterprise sector to play a convening role in multi-stakeholder approaches.'

'New models for achieving public value and private sector cooperation.'

Engaging the government

This section presents a summary of the insights we gained on government engagement. Expanded ideas on progressing SENS, including those captured during an Advocacy Workshop that was held with the SENS Advisory Committee, are included in Part Three of this report.

One step at a time

We previously heard that engaging the sector should focus on securing agreement around the big ideas and opportunities first, and we heard similar themes for engaging the Government. Contributors who had experience of working with governments spoke about a sequence of: awareness raising and education, emotional engagement, getting buy-in on the big opportunities, and then working on the details of programs and policies, preferably through a process of co-production.

'Keep the overarching, long-term strategic case general, and then work on action and investment plans, with shorter timelines, when you have secured initial buy-in. Make the high-level and long-term propositions non-confrontational.'

'First we need to bring the government to the table, and gain their interest and engagement. Then we can make the case.'

Champions

A key aspect of gaining traction within and across the government theatre is by cultivating a network of champions - politicians, advisors, policy-makers, and influencers. Effectively, by the time you make the case you will want actors within the Government helping to make it for you.

'Identifying and building champions within (and who can influence) government is critical.'

'Champions, champions, champions. Recruit champions within government, and also those that have influence from outside, to provide the platform to make the case'.

'You need to recruit and maintain champions within the government. Support from senior politicians on the economic side of government is highly desirable.'

Consider who you target and keep the process going after you secure support.

'Be mindful of a generational shift in government. The younger crowd is more likely to be progressive and engaged with new approaches- focus on these people.'

'Identify MPs coming through - target those who are young, fresh, open and hungry.'

'Determine what parts of government have what instruments that can benefit social enterprise, and target them appropriately.'

'Often, a government will nominate a lead agency to engage with the social enterprise sector - consider which one is most preferred in front of substantive engagement.'

'If you are able to bring the government to the table, seek a Ministerial representative for social enterprise.'

Political capital

Political capital refers to the accumulation of power built through relationships, trust, and influence. Gaining access to decision makers and mounting a convincing case relies, to some extent, on the political capital you have accumulated and can demonstrate. The credibility of your protagonists, the breadth and depth of your coalition, and the champions who are prepared to vouch for you are part of the mix.

'New propositions require political capital behind them, and a credible coalition of support, if they are to get elevated in government.'

'Political capital is built on coalitions, big organisations and supporting evidence.'

'The credibility and capacity of individuals and organisations making the proposition is critical.'

'Build political capital and a coalition of support. Harness recognised names and organisations.'

'You need a credible 'base' in order to make a dent in policy.'

'Align and draw on intermediaries and sector leaders to make a cohesive and collective case for action.'

'Governments want reassurance that others are acting and investing.'

'Influence the influencers, such as CEDA.'

Making the case

There was extensive discussion in respect to how arguments and information might be structured and packaged, and also about the timing and methods of engagement.

'Case studies and stories of impact are perhaps the most effective way to bring social enterprise to life, and make the bigger proposition relevant.'

'Set out 'what good looks like' - the outcomes we desire should be framed as an achievable

'business as usual', once the (currently underserved) market environment is working effectively.'

'Model the economic case for the desired future State, and work back from there with a plausible scenario based on government support and investment - 'this is a big opportunity, this is the prize, this is the evidence to back up the proposition, and this is how we get there - the pillars of strategy to deliver on that case.'

'Make sure propositions build on existing approaches, programs and investments, and can be seen to be complementary in nature.'

'Emphasise precedents and government's role as a market maker.'

Work with the structures and rhythms of government.

'Identify the big buckets of investment that may be under utilised, and target propositions that are relevant to the departments that manage them.'

'Don't necessarily seek policy change, focus on broadening access to existing mechanisms.'

'Understand and work into budget cycles and processes. Also prepare advocacy engagements and communications to feed-in to (pre)election campaigns and the briefing processes for incoming MPs and governments.'

'Briefings to incoming Ministers are key engagement points.'

'The nuance of an argument or case to a senior decision maker often gets lost when passed through the hands of advisors - make sure your communications are easy to understand and can speak for themselves when out of your hands'.

Timeframes are important.

'Time horizon of the strategy important – e.g. Scotland's is 10 years; that kind of length needed to get to strategy, otherwise really doing some kind of business planning exercise.'

'10 years is a good time frame, and can be less confrontational for some parties as you're talking about where you want to be in 10 years so it's not a commentary on current government or efforts.'

Appreciate that you'll have a range of different audiences.

'Different departments and individuals across the government are motivated by different things - so have a portfolio of resources and arguments to draw on.'

'Recognise the different incentives and operating contexts for politicians and policy makers. Politicians are needed to unlock the big opportunities, to start the ball rolling and to keep the pressure on. Policy makers then make things happen but are highly attuned to risk - so be ready to and able to mitigate risks for them.'

'A non-partisan approach should be a priority, and ensuring that messaging and positioning isn't too tied to any particular party.'

Finding ways to work together

We heard that building good relationships between people in the sector and the Government is important for both the quality of strategy and the long-term sustainability of government engagement. An enabler of building these relationships is doing things together.

In Scotland, undertaking the census produced a good output (that helped change perceptions) but it was also a constructive process to enable the sector and the government to work together; the same has been the case with the internationalisation of social enterprise in the UK. In Aotearoa New Zealand, the 'Impact Initiative', a three-year sector design and development program, has enabled a sector leadership group to have multiple touch points across the national government and build a broader base of trust and understanding.

'Being led by the sector enabled sound approaches, while the Government created the enabling environment - both parties recognised what they were good at and respected the value of the other (in Scotland).'

'In Canada, a standing committee was formed to represent the 'sector', but we included government within a cross-sector (and cross-agency) working group.'

'Seek to have a group resourced to work on strategy with the government.'

'Establish relationships and access to decision makers so you can be opportunistic at any given time, rather than over-invested in a single iconic campaign.'

Counter points

We heard a number of counter points and challenges for SENS to bear in mind. The first related to staying grounded and focused when advocating for social enterprise.

'Be careful on how you hold the tension between making a strong case and over claiming. Watch out for inflating your case and don't compromise the integrity of your proposition in order to gain attention or win the argument.'

'Social enterprise is interconnected with so many policy agendas, but you can't make a case around them all and you will need to make choices.'

'Be pragmatic but pragmatism should have limits. Don't agree to a bad deal - you may have to wait until the situation is more politically viable.'

Also, while the ability to generate multiple outcomes should be seen as a strength of social enterprise, the hybrid nature may also elicit distrust and collide with restricted worldviews.

'The hybrid approach doesn't fit in a box - the idea of multiple modes of operation and value creation actually creates cultural and mental barriers, and there is often limited bandwidth amongst politicians and policy makers to think through this. The strength of social enterprise can also be its weakness - be prepared to show and not just tell.'

'There are often barriers to inter-sectoral and interconnected approaches. Intersectionality, flexibility, and hybrid value creation should all add to the social enterprise proposition but they can also confuse because it's not black and white.'

'It is not just about clear communication, you are likely to encounter ideological opposition to the underpinning vision and values of social enterprise at some point. The term 'social' in itself, can trigger a negative reaction and/or a misinterpretation.'

One contributor made an interesting point about the potential risk of retaining the support of philanthropic partners if the case to the Government leaned into an economic framing.

'You need to shift social enterprise into the economic and small business narrative, but this could create risks of losing philanthropy - need to surface this tension with philanthropy and bring them on the journey.'

'Be mindful that the political and policy agenda can flip really quickly, and this can make keeping traction and attention challenging.'

Finally we heard a number of reminders of basic challenges of engaging the Government and sustaining relationships.

'It can be really hard to forge and maintain relationships with policy makers due to the revolving chairs.'

Implications for SENS

1. To have successful and sustained engagement with the Federal Government, a standing capacity to engage in ongoing advocacy initiatives will be required. This will enable both the ongoing maintenance of relationships and the development of new ones. It will also enable opportunistic engagement across the machinery of government, as and when circumstances present themselves. This function should be a component in the SENS strategy and, as we suggest above, should be established as part of the development processes rather than after a case has been successfully mounted.

2. One of the reasons for the previous recommendation is that it is highly likely that any successful engagement with the Federal Government will take time to progress and negotiate. The actors who end up leading SENS need to be prepared to sit around the table and engage in a process, and not expect a simple transactional event and outcome (e.g. funding or a contract).

3. Further engagement with philanthropic partners prior to approaching the Government will be important to: a) socialise the adopted messaging and positioning (and the rationale behind it, to ensure there are no unintended disconnects), and b) to explore options to resource a standing (if modest) engagement capacity rather than a specific project or campaign. This may be of interest to philanthropic organisations who wish to develop the 'ecosystems' and play a 'catalytic' role.

4. While there was a near consensus agreement that a case to the Federal Government should be outcomes-led, the proposition also needs to be targeted and clear, so as not to dilute, confuse or bore. This may mean focusing on a discrete number of key outcome areas that align with the pressing concerns and policy priorities of the day - ie. not everything that social enterprise has to offer.

5. We believe the big idea for SENS should be grounded in an economic proposition, speaking to key issues and areas where the social enterprise sector is already aligned and effective. In Part Two, we outline an approach that encompasses four overlapping and complementary propositions or missions: inclusive economy, regenerative economy, caring economy and local living economies. These feed into a vision for Australia 'where everyone can thrive and create'.

6. Care needs to be taken not to over-sell social enterprise as the 'everything' solution. It will be important to acknowledge other players and contributors, and how social enterprise complements rather than replaces other approaches. It will ring untrue to policymakers if SENS over-claims on specific issues, as they are usually very aware of the ecosystem in their domains (even if less informed on the potential that social enterprise has to offer).

7. Stories will be key to winning hearts and minds and mounting the case, especially with politicians. Thought should be given as to how social enterprise stories and experiences can be brought to life (potentially en masse through a nationwide activation campaign) for Federal Members, particularly where they can be aligned to their jurisdictions and/or constituencies, as part of the awareness raising and education activities that will lay the foundations for more targeted engagement.

8. Ensuring a long-term timeframe for SENS was felt to be important, and therefore there is no obvious reason to change the proposed 10-year horizon. In addition to timeframes, sizing of 'the ambition' will need to be discussed by core stakeholders early in the near future. While the value of a future investment case will be calibrated through the process - both as a result of design and the appraisal of interest - it would be helpful to start thinking about the size of ambition the sector has for SENS.

9. If the Federal Government's interest in SENS can be secured, co-production processes to design and develop the implementation approach should be explored. If co-production isn't possible, appropriate or desirable at the time, some initial projects that can be progressed as partnerships should be selected as a second best option for building relationships and ways of working.

7. Relevant existing activities and initiatives

"It will be good if this strategy fits with the Social Impact Investment Taskforce recommendations so there is consistency. Same with the Victorian Government social enterprise strategy, and the New South Wales Government also has an impact investing strategy to consider. So fitting all the jigsaw pieces together."

In this section we explore... the landscape of current activity, primarily in Australia, that is relevant to the development of SENS. This does not pretend to be an exhaustive or analytical mapping of activity, it merely represents a snapshot of what the contributors cited as being most material to this project.

A snapshot of current activity

The most common and material activity that was discussed was the Social Impact Investment Taskforce (SIIT). At April 2021, recommendations from SIIT are under consideration by the Federal Government, with indications that some response will be forthcoming in the 2021 Budget. At a high level, the recommendations represent a 10-year proposal that has had extensive pre-engagement with Treasury, the Department of Social Services, many philanthropic foundations, the finance sector, social finance intermediaries, sector leaders and peak bodies.

All (and any) of the recommendations, if accepted, will be of significance to the social enterprise sector, and material to the development SENS. It should be noted that while SIIT was commissioned by the Federal Government, there is no obligation to act on its recommendations.

'Recommendations in the SIIT report are fairly safe (for social enterprise) and there are a number of leading foundations who would like to be part of co-designing and investing in them, alongside the Government.

There are many other initiatives afoot...

'The State Government of Victoria currently in the development stage of a new social enterprise strategy.'

'The State Government of Queensland is currently implementing a two-year social enterprise development strategy, primarily focused on employment outcomes. QSEC is playing a central role in this process.'

'Australia will host the Social Enterprise World Forum in Brisbane, in 2022. This event has a track record of playing a key role in the development of national sectors.'

'A new impact investment fund, with a $20m anchor investment from WA Super, has been established to provide capital for positive social and environmental impact in Western Australia. Two WASEC board members have been involved in this initiative.'

'ImpaQt have launched an early stage venture capital (equity) fund to make 'impact investments' in a diversified portfolio of high growth impact-driven early stage companies.'

'The launch of Social Traders' new 'SE Finder', beta in April and full launch in July.'

'White Box Enterprises is developing a 'payment by outcomes' pilot fund with the Department of Social Services. If successful it could lead to the establishment of an expanded fund.'

'Catalyst 2030, a global coalition with some influential supporters, is making the case for governments to collaborate with social entrepreneurs and innovators, and create a more enabling environment to achieve the SDGs.'

'The Centre for Social Impact (CSI) at Swinburne, is creating an online evidence portal - the 'Social Entrepreneurship Evidence Space' (or SEE Space). This online platform aims to advance policy and practice in social entrepreneurship, and will be a 'digital commons' curated with links to research-based evidence, data sets and active research programs.'

'There is a proliferation of placed-based and community wealth building programs that are highly relevant to the social enterprise sector - The City of Sydney now has a Community Wealth Building Strategy, it should be called a Social Enterprise Strategy.'

'Representative bodies of other groupings of 'purpose-led business' are making the case that they should be included in social procurement guidelines, or that 'impact-oriented' procurement guidelines should be expanded in framing and scope.'

'The Charitable Recycling Network has commissioned an impact measurement report to help demonstrate our value and strengthen our case to government.'

'In relation to new initiatives for Indigenous business and economic development, it's currently a bit quiet - people have their heads down getting on with business.'

'Paul Ramsey Foundation and CSI Swinburne are currently undertaking a mapping study and analysis of capability building organisations and peak bodies (that relate to impact) across Australia.'

'There are opportunities at the moment to position the country as a world leader, building on developments to date and with the COVID recovery, there's an appetite to hear about positive initiatives and new solutions. A unique time and set of circumstances through which to influence the policy development process.'

Implications for SENS

1. The Federal Government's response to SIIT's recommendations will impact the development of SENS in at least two ways: 1) what actually gets implemented and then how SENS complements those new activities, and 2) how it will frame the Federal Government's perspective and positioning in a directly adjacent space. For example, one

2. Given some of these recommendations will look to directly support social enterprise (such as the establishment of ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ it will necessitate working definitions of social enterprise and a strategy for how it engages (and prioritises) the sector. This indicates much positive potential for the sector, and it would improve effectiveness if the

implementation processes (for SIIT and SENS) were to come together. However, this will work best for the sector if it is organised, able to reliably represent its own specific interests and diverse needs, and have the cohesion to engage on equal terms.

3. If the SIIT recommendations don't get up, SENS should review what can be salvaged and adopted, including discussions that pertain to the co-investments that other stakeholders were willing to make into the impact investment market.

4. More broadly, this small snapshot reinforces that SENS is being developed in a busy and dynamic ecosystem that will require thoughtful positioning and much iterative engagement. A key aspect of the SENS proposition may come down to demonstrating how it will unlock value by creating connectivity, filling in gaps and amplifying the productivity of existing activities.

8. The role of 'evidence' in making the case

"I haven't seen any genuine attempts that start a national strategy with evidence, and then make decisions based on it. It's usually the other way around - with different actors driving agendas, then looking for the evidence to support them."

In this section we explore... The role of evidence in engaging decision makers and influencing public policy. We were especially interested in how evidence could and should be used in the development of communications and proposal documents, and also what types of evidence were more likely to win and sustain the support of the government.

'If you don't like these facts, I have others...'

When we started this project, we had an assumption that building the evidence case would be a critical part of developing and mounting the SENS case to the government.

However, as a result of discussions and by further reflecting on our own experiences, we developed a more nuanced picture.

"I firmly believe in evidence-based policymaking; however, in the main, I think it is largely mythological".

'It's a fickle business as to what evidence works with policy makers and politicians - no consistent response or trigger.'

'When we had a conservative government for a long period, it was assumed that evidence would become quite important - so we engaged with methods like SROI to help demonstrate value and impact. But after a while, we realised they weren't really interested in evidence. It's more to do with the relationships in place; who is influencing. Without those, evidence is not sufficient.'

'There is a certain naivety in the social enterprise sector - 'if I could just explain our work better, if I had the evidence then the policymaker would be able to see our value and give us lots of money.' In reality policymaking is driven by many other factors - including fashions. And directions can change, without much behind the decision. We do need evidence, but don't think that it's the complete answer. It's about making good arguments and sound recommendations, and then finding a level

of evidence that's enough for that, as well as proportionate to the size of the investment (and accountability for public resources).'

'One day government says they want research, so you give them research; then they say no tell me the stories, so you give them those; and they say that's just stories, where's the research; so you give them that, and they say that's just an academic paper, where's the evidence. Don't have a firm answer on the role of evidence, changes depending on who you're talking to. And it's very opaque what the thinking behind it is too. There's no one answer. Interspersing evidence and stories, that's who we are. Just articulate it well.'

"Even with the right evidence, doesn't mean you'll get the perfect policies. Strength of relationships is the real key to influencing, and often it comes down to individual people."

It is fair to say that practitioners can also be ambivalent on the role and value of evidence.

'Experience a fair bit of dismissal . . . around the role and need for proper research - but then get asked regularly to comment and contribute . . .'

'For all the talk of measurement and evidence in impact investment, in my experience it's usually the story that drives the deal.'

It would seem that experiences of evidence-based policy development in the field of social enterprise are rare. Policy is driven by a range of different influences. Yes, evidence needs to be part of the mix, but it is unlikely to be overly influential, especially with politicians. Waiting to accumulate 'enough' evidence or exactly the 'right' evidence is also a significant barrier to getting started.

'Influence through political and social capital is the biggest lever. Evidence is good for justification, but not the trigger.'

'Evidence doesn't really matter, policy is driven by other factors - more policy informed evidence than evidence informed policy'

'It's hard to articulate the overall impact of a sector. Generally more relevant at an organisational level or in respect to a transaction.'

'Questionable how much effect evidence has in engaging politicians - it's more about storytelling'.

'At State government level, we get asked to demonstrate the impact - they say the numbers are great, but they want the stories of impact as well. Which allows us to tap into what our members are doing, so it works well. We think this is the area where we can add most value - presenting the actual stories and representing the human side of things, sometimes seemingly small things but powerful when added together.'

Stories as the argument

We heard that case studies, stories and direct experiences are really important in getting cut-through and gaining traction. Stories brought social enterprise to life and made the work real, tangible, and human. Micro examples also provided a bridge to explaining the macro opportunities. Stories matter, especially when they're tailored to be salient to the audience and context.

'Bright spots and stories matter - shine the light on where social enterprises are tangibly demonstrating results on issues that are important to politicians and the government.'

'There's nothing wrong with micro-studies either - and we need to dispel people's concerns about this. Macro studies tell you what, but not how or why. So they're important in one way, but micro studies and qualitative studies tell you how and why. Then it's about piecing those bits together to build a sufficient case.'

'In our country context, there has been a reliance on case studies and insights-driven research, with overseas data and precedents becoming less valuable as process and engagement has deepened.'

'Cases tend to be pragmatic arguments rather than something evidence driven - evidence comes later when there's stronger infrastructure, and a higher accountability burden, around specific interventions.'

'The emphasis has been on engagement through case studies - portraying outcomes and impact at a sector level is actually really hard to do without significant investment and organisation of sector and sector data.'

We provide some initial ideas on case studies that could be of use in SENS communications and case documentation in Part Three of this report.

'When a local Member wants to know what's happening in their electorate a case study from somewhere else isn't going to cut it.'

'Stories are really important, for all audiences.'

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Evidence as a proof point

We heard that evidence plays an important reinforcing role, best used to back up key points and arguments once initial communications and engagements have made their mark and the audience's attention has been gained. We also heard that while evidence may not be a key influencer in the first instance, when it is used, it will (rightly) come under scrutiny.

'Evidence will be conspicuous by its absence, it's primarily about using evidence to emphasise and justify key assertions.'

'Demonstrable success gets results, especially when backed up with evidence.'

'Transparency and accuracy matters if using evidence to make a case.'

'The best scenario is having access to robust research that then gets translated through sophisticated storytelling. Then you have a solid foundation that builds credibility. There are some bad research examples also, that have potential to do damage to all the good work everyone is trying to build up. So it's important to be aware of that too.'

Evidence will also be more important to different audiences within government, and this will often determine what type of evidence is most relatable and, therefore, most influential.

'Evidence may be more important to certain agencies, such as the Treasury.'

'Quantitative evidence would work well if it was credible and could demonstrate effective (better) use of public funds.'

'We quite often find that policymakers don't care much about rigorous academic research, but they are very interested in things like cost benefit analysis.'

Economic data was seen to be seen to be consistently the most valuable, especially when it demonstrates how social enterprise:

- Is active in diverse sectors.
- Contributes to job creation.
- Contributes to addressing disadvantages (where and who they employ).
- Increases total employment numbers.
- Provides good quality jobs (although this can be difficult to evidence and easy to overclaim!).'

'In the UK, the 'State of social enterprise' survey was an important thing to have done early, not least because it used the Government's own methods and was therefore credible and relatable.'

"In Scotland, articulating the contribution of social enterprise in GVA convinced the Chief Economist - revealed the value of social enterprise by using the Government's methodology."

'Jobs present a systemic solution for governments - the basic idea that decent work addresses self-evident problems. It's especially good with a conservative audience - 'it's about business and people pulling themselves up by their bootstraps'.

Based on overseas experience, other data points that may influence government could include:

- Diversity of leadership.
- Size and diversity of the sector.
- How they demonstrably contribute to a diverse range of societal issues.

We were interested to hear that one peak body (in another jurisdiction) had increased traction with their government based on the data set they had been able to collect and regularly update. They fielded regular information requests and follow-up discussions based on the relevance of their data.

'In Scotland, the census has been important in evidencing the diversity of social enterprise and demonstrating broad ranging impacts (e.g. youth, gender, pay equity, regions).'

Counter points

There was also some discussion about whether we had the right data story. Was the use of evidence getting mixed responses and results because of the type of evidence we currently have access to?

'We might have the wrong data story too; what we collect and what we talk about. Having more nuanced numbers would help conversations. So less focus on presenting an economic data story per se, and more focus on the effectiveness of generating outcomes e.g. the comparative contribution to recidivism. Not so much about the enterprise and more about the changes it is bringing about.'

'The case for change hasn't been properly quantified yet; what's the really compelling business case. It's kind of there, but it hasn't been summarised precisely or compellingly enough to really influence at a high level.'

Implications for SENS

1. The development of compelling case studies that are relevant to the current Australian context will be a key element in progressing SENS. They should be tailored to the arguments being made, the communication materials being produced, and the audiences being engaged.

2. Key arguments made in communications and case documents need to be backed up with credible evidence, but it should be used discreetly and in a targeted way. We have included some of the resources contributors suggested in Part Three of this report. That said, contributors consistently advised that 'the evidence base' is slim and patchy.

3. In curating evidence there's a trade off between what's most useful and what's actually possible. The economic contribution of the sector is useful evidence from an advocacy perspective, and only way you can assemble that rigorously is through analysing financial data. If you don't have a legal form to organise or a regulator to go to, it's tricky. Surveys are the next best option but have inherent issues around response rates and self-reported data.

4. Building a broader evidence base is not an immediate priority for the development of SENS but a research agenda should be part of the future strategy to support sector development, with specific attention to how it can help appraise the effectiveness of, and provide learning on, implementation approaches and specific activities. It should be noted that CSI Swinburne are an authority on available and applicable research and evidence, and have recently released an online portal - the Social Entrepreneurship Evidence Space (SEE Space)[10] to make this information more accessible.

5. The production of a regular sector census/survey has served other jurisdictions well, helping to sustain government engagement and investment. These have been especially effective when they have adopted methods consistent with the government's own measurement and sense-making processes. A similar activity should be considered within a future national strategy.

6. There should be some consideration as to whether SENS can incorporate some basic (and credible) modelling to support an investment case - to demonstrate what is being achieved now, and what social and economic gains could be achieved with further investment or ecosystem building.

[10] See: https://seespace.com.au/

9. Hard conversations

"We've been here before..."

In this section we explore... some of the more challenging topics and conversations that we believe should be considered and addressed in the process of developing a more cohesive and effective sector.

History repeating itself

We sensed a certain amount of fatigue and scepticism from some of the experienced practitioners on the prospect of engaging in another cycle of sector building. We have also seen this around developments at the State-level and around specific elements of the ecosystem, such as finance.

Some of these perspectives may be a byproduct of being involved in multiple iterations of difficult discussions and processes, but there are also some genuine concerns - the conversations and processes feel circular because in many ways they are.

Inadequate resourcing and capacity has often resulted in processes falling over or not being undertaken as well as they could be - either in quality or completeness. People get burned out, new people come in and have the same valid ideas about organising processes without the context or history. Experienced practitioners can get disengaged and new practitioners to the space are at risk of being uninformed. Add to that the revolving chairs in government and other supporting organisations, and the potential for wheel spinning increases.

The other point of friction has been the dominance of a small number of powerful actors within any given process. While processes need actors to lead them and to provide momentum, there is a sense that some processes have been unduly shaped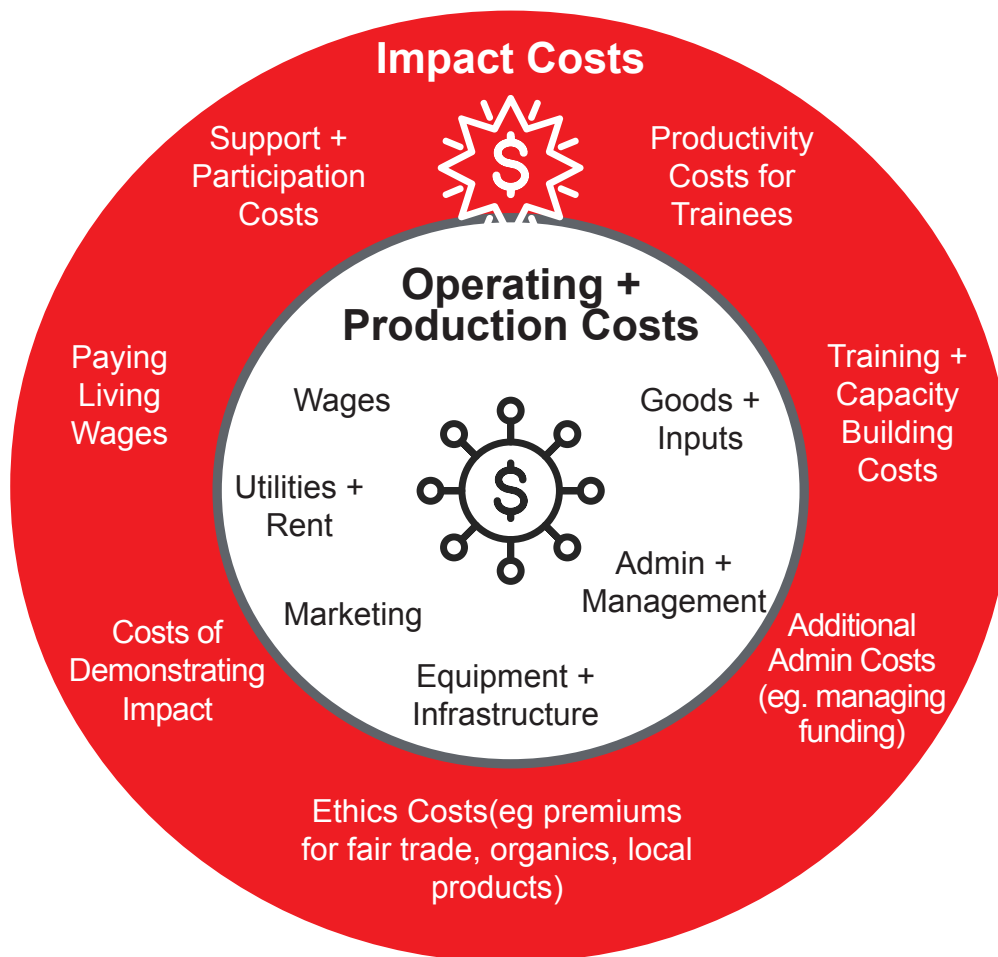 by those with the greatest influence and loudest voices, and haven't necessarily represented the aggregated and long-term interests of the sector. Without clear and resourced governance structures in the sector it can be easy for a small number of more resourced or more powerful voices to dominate debates. In some critical debates - about investment, funding, and the future shape of the sector - narrow interests have trumped collective benefit.

Again we emphasise that SENS should not underestimate the importance and value of adequate resourcing and a good governance structure.

We need to talk about viability

There is a tension at the heart of the social enterprise narrative that relates to viability. While part of the social enterprise proposition has been built around self-sustainability ('we just need support to get up and running'), we know that the reality is more complicated than that. Yes, many social enterprises are self-sufficient and, indeed, prospering, but many struggle and will continue to do so because of the additional impact costs they bear and the nature of the markets they operate in.

As the story around SENS develops, this tension will need to be managed. In particular, a balance needs to be found - between being honest about the market characteristics needed to support the diverse types of impact

Impact Costs

Support + Participation Costs

Productivity Costs for Trainees

Paying Living Wages

Training + Capacity Building Costs

Operating + Production Costs

Wages

Goods + Inputs

Utilities + Rent

Admin + Management

Marketing

Equipment + Infrastructure

Costs of Demonstrating Impact

Additional Admin Costs (eg. managing funding)

Ethics Costs(eg premiums for fair trade, organics, local products)

many social enterprises are involved with delivering, and the risk of presenting the sector as a whole as comprised of subsidised and moribund businesses (or 'rent seekers' as a senior government advisor in another jurisdiction proclaimed to one of the authors).

This also underlines the continued centrality of partnerships with the philanthropic sector, where the (relative) value of the diversity of social impact created across the sector is often better understood, and where there is some strong interest in being part of conversations around how best to support this work.

That said, there is another hard truth here - too many social enterprises actually do operate in marginal industries, moribund circumstances, lack ambition or are poorly run or governed. Even some well-known and often promoted social enterprises are subsidised by the aspirations and passion of their operators and are unlikely to ever reach a level of stability that supports the potential to generate long-term and meaningful impact. As the sector develops, and scale continues to be promoted as a measure of

sector success, capacity building initiatives should include a focus on 'ratcheting up' collective ambitions and standards within the sector.

Further, a sector-wide rigorous debate about what impacts can best be achieved by social enterprise, and which specific industries and market sectors have the characteristics needed to 'design-in' long-term stability. Factoring in these 'hard conversations' should be part of the objectives of SENS, and adequate space and resourcing will need to be allocated to coordinating them.

And the viability of intermediaries too...

Intermediaries are an essential component of the enabling environment and many also face challenges to viability. It seems to us that an unhelpful narrative has developed that all intermediaries are equal, that they should have longevity within the sector, and that they should all seek to be self-sustaining rather than being dependent on ongoing support from public, philanthropic or private sector funders.

Intermediaries for social enterprise have variously focussed on capability building, investment and finance, investment readiness, market development and sector development. Some of these activities are necessary at specific points or for specific types of social enterprise development, whereas others are likely to be needed for extended periods.

The operating reality for intermediaries is that they can provide enabling (and often catalytic) support to enterprises at a time when immediate resources are low, but it is clear that the potential for future value creation is high. The success of any given engagement is also speculative, has a time lag, is distanced from the beneficiary-level impacts generated by the social enterprises themselves, and can be derailed by any number of other factors. Potentially the collective dividend from the role that intermediaries play is substantial, but it is hard to capture this value in ways that are meaningful to government and other supporters.

When intermediaries are expected to be self-sufficient or are unable to access adequate resources to do their job well, it can lead to inconsistent service delivery, limited service provision (and uneven provision between regions and States), and lead to the primacy of survival instincts expressed through narrowly framed strategies and behaviours. These factors sometimes lead them to competing for resources with the very organisations they exist to serve and/or taking on advocacy and representation roles that are beyond their core purpose and capacity.

A vibrant sector needs healthy, innovative and collaborative intermediaries. For them to play their part there needs to be greater role clarity, and then these roles need access to more predictable resourcing. Further, there needs to be a real evaluation of the life cycles of intermediaries in relation to sector development, so that they remain responsive to sector needs rather than seeking to compete within the sector.

'It's about being really clear about what you're trying to achieve for your Members, then you can work out which bit to focus on. It also calms down those who think you're going to compete with them. We had a clear rule - don't compete with members.'

Scarcity and infighting

A lack of resources in the sector can create the potential for competition, distrust and dysfunction at times when new resources and/or access to influence present themselves. This is amplified by the lack of a shared vision, and then exacerbated by a lack of coordination and appropriate governance structures. This atmosphere is attritional and contributes to the practitioner fatigue that was previously discussed.

The social enterprise sector in Australia has experienced both a 'tall poppy' problem where trail blazers are sometimes unduly criticised and isolated (and not credited for the uplift they provide); and a collective action problem, where individuals and organisations with profile and influence pursue their own specific needs ahead of wider impact potential.

Scarcity, and scarcity mindsets, contribute to the danger that the sector is being positioned as less than the sum of its parts. SENS needs to counter this self-limiting dynamic. Neither Australia as a county nor social enterprise as a

sector are unique in these dilemmas. However, infighting hits the sector hard because it is both counter to the values it espouses and as it amplifies constraints through closing down options for more fluid cooperation.

While this is not reflective of the whole sector, where much collaboration and mutuality is evident, it is a persistent weakness identified in many of the interviews. Through SENS, key players in the sector need to genuinely put differences aside to push forward a shared agenda.

'Resourcing is the challenge to get everyone to work together on developing and implementing this - we're all competing for the same dollars, and it's not a big pot. Policymakers aren't attuned to this either, which makes it harder. There's got to be better ways.'

'Problems happen when people feel like they're left outside.'

Information is power; we should have a plan

Tension is emerging around who controls the data of, or 'registries' for, social enterprises. Looking ahead, this data will increase in value, have multiple uses, hold influence, and need careful management and governance.

The primary datasets in play at this time are: Social Traders' certification registry, and membership lists held by the State networks. There are also other datasets that overlap with the sector, or form subsets of it. While these datasets currently have specific uses, it is easy to see how use cases will expand as datasets become more developed and as funders, contractors, and policy makers begin to demand demonstration of impact and sector development.

As the sector grows, demand for and the value of its data will increase - commercial, operational, and informational. This maps on to wider trends in data and technology. The datasets which exist now are primarily the assets of the organisations that have developed them (beyond individual records being the property of social enterprises, themselves). However, looking ahead there is much opportunity and need for a sector data strategy to determine how information is best: collected, structured, stored, accessed, applied, leveraged, owned and governed.

These discussions should start before path dependencies set in and commercial incentives make it too hard to develop a more collective and long-term approach.

Indigenous businesses are Indigenous businesses

Meaningful engagement with Indigenous businesses is a commonly cited and deeply held aspiration across the sector. It is also often a point of anxiety; with good reason.

Reconciliation is a profound issue that is not being traversed easily, or adequately, in any jurisdiction around the world that has a recent history of colonisation, oppression and structural discrimination. The social enterprise sector is, perhaps, well equipped to engage in processes of decolonisation but that sits within a much bigger and more complex context.

While Indigenous businesses align with the values of social enterprise on many levels, they are firstly Indigenous businesses in their own sovereign and cultural context, and care should be taken not to overgeneralise on comparability. While every country's experience will be different, a learning from sector development in Aotearoa New Zealand was that Māori asserted an intent to partner with the growing social enterprise movement and not be assimilated by it.

The bigger picture of a genuine partnership with Indigenous peoples needs to be woven into the development of SENS. This means distinguishing representation from participation, and inclusion from shared ownership. There are no roadmaps or easy fixes for this, and it will likely take ongoing engagement, learning, patience, and strengthening of cultural capacity across the sector to find the way forward.

Implications for SENS

1. The implications we draw from this commentary are woven into the subsequent section and the implementation principles included in Part Two of this report.

2. Whilst the context is less pointed, some of the commentary included under Indigenous businesses above should also inform thinking around how the other adjacent sectors discussed throughout this report may be approached - i.e. many have strong, existing identities and whilst interested in collaboration are also highly sensitive to possible assimilation agendas.

10. Organising for implementation

"It's easy until there is money on the table. You need a strong sense of trust and good governance to manage a successful engagement with the Government."

"Emphasise our hyper-connectivity as our version of scale, and makes us well placed to lead innovation."

In this section we explore...the importance and value of organising more effectively, both as a means to improve the prospects of successful engagement with the Federal Government and also as a concrete step towards improving the sector's impact.

Where to start?

'Organisational Infrastructure'

We use the term 'organisational infrastructure' to describe the functions that: enable engagement, connectivity and coordination; provide the capacity to implement and sustain these activities over time; and provide the governance arrangements that determine how decisions are made by (or on behalf of) the sector.

These functions will be critical to the development and progression of the SENS recommendations. Arguably, the fact these functions haven't been established at the national level is a key reason that a cohesive national approach doesn't yet exist.

While there's an element of chicken and egg to this argument, we heard strong views on why an organisational infrastructure should be shaped and put in place before inviting the government to the table, and certainly before making

'The politics can be tricky, and the waters get muddy. So you need the right people on board, and clarity around roles upfront.'

'Having sub-networks and the overarching entity provides a good architecture - it helps with presenting a cohesive voice to government and other key stakeholders, and also because it facilitates peer-to-peer learning.'

'You need to have the right institutional structure to work at the Federal level, and a point of view that provides clarity on who's doing what.'

'It's confusing for the government to be approached by intermediaries, and by individual social enterprises. Scattergun. A national body that can act as a voice for the sector will be really important.'

'Having one point of contact, a go-to representative with a legitimate mandate and credible voice helps everyone in the processes of evolving relationships with the government.'

a case for resources. From other jurisdictions, we heard that the creation and resourcing of steering groups and/or coordinating functions were commonly referenced as the most important ingredient in developing national strategies and public policy.

We were interested to note the sequencing of the [Sustainable Finance Roadmap](#) in Aotearoa New Zealand. First, they established a cross-stakeholder platform, The Aotearoa Circle, to design and determine a high-level Roadmap, and then moved to establish a coordinating Centre that could hold, progress, and secure resources for an ambitious multi-horizon strategy.

Fit-for-purpose

A coordinating function needs to build on existing organisations and networks, and also be able to balance and represent their various interests and experiences in the sector. We heard that in order to get the design of this function right, the establishment of a new and fit-for-purpose entity is worth considering.

This approach acknowledges that coordinating entities inherently occupy privileged positions, and so it is critical that they are structured to serve the sector's interests.They need to surface and dissolve politics not agitate them.

'Joining up the work that's going on. We need more intersections between all the different dimensions; it's all so disjointed and difficult for people to understand. The complexity is what makes it work, but it's also what makes it hard to get traction in a binary sort of world.'

'Across jurisdictions with maturing social enterprise ecosystems, it has been common practice to create new organisations to fill gaps and fulfil specific functions - be that coordination and representation, provision of specialised services, or allocation of resources.'

'New bodies and organisations can come without baggage, and can be built with fit-for-purpose roles and responsibilities. They can also provide neutral spaces where representation is woven in through governance and decision making processes.'

'At the overarching national level it is worth considering if a new organisation, that doesn't have the baggage, attachments or vested interests of existing bodies, may be most effective. Designed specifically for purpose and politically neutral, and not trying to retrofit a new role into an existing organisation.'

'Previous attempts ended up with very diluted outputs, because it was driven by intermediaries and all pulling in different directions according to their program priorities.'

'There is something important about having brand identity, one national voice. There's a cleanness and clarity in it. That will always be difficult for an existing organisation to step into. Doesn't mean one couldn't evolve into it, but tricky. And of course have to be careful of the State network roles, and the roles of others in the ecosystem. A lot of attention to relationships, and time invested into making sure they are strong. As long as there's a shared agreement that there's something missing in the first place and that something needs to be added to the mix, then you have a basis for this.'

Valuable in its own right

However, developing the organisational infrastructure is not only about preparing the ground to engage the Federal Government, it's about increasing the connectivity and cohesion of the sector for its own sake.

'A case for more self-help from within the sector also - a lot of fragmentation, and there are probably things social enterprises can do best amongst themselves. And it is helpful to be able to show this agency when asking others for support.'

'A shared communications plan, between all the State networks, with consistent messaging and some guidelines - that would be a good place to start. The strategy will take time, it shouldn't be rushed - we're talking about disparate groups and a huge geographic area.'

'To see the common purpose between the State-based networks clearly laid out, and for ASENA. So we can see how we're all contributing to a bigger picture.'

And when we talk about the sector, we need to think about the ecosystem and not just the enterprises and practitioner-led networks.

'A coordinating function is not just about supporting practitioner networks or for the purpose of getting alignment around advocacy. It's also about how to support and help coordinate intermediaries, so support services are more linked up and can be evolved to be more responsive and closer to the ground.'

'There are a range of disparate actors and a wide range of initiatives focused on field or market building for social enterprise around the country. Some of which are coordinated, and some which are not. There's a degree of confusion or inconsistency in how different terms are defined and bounded. Bringing some efficiency to that would be useful.'

'You can have a whole architecture that reflects the different layers of the sector. Some are thematic, some geographic. Like local chapters, regional or State chapters. With people elected into positions. At the overarching national level it is worth considering if a new organisation, that doesn't have the baggage or attachments or invested interests of existing bodies may be most effective. Social Enterprise Australia or something, designed specifically for this purpose and politically neutral - not trying to retrofit into an existing organisation. A new direction and entity for people to get behind. But you definitely need to combine that with existing structures, existing intermediaries. And you might want some kind of Advisory Group around that - with academics, policymakers, other interested parties - but the core group having practitioners around the table.'

A strategy for systems impact…?

We also heard that well functioning networks, and increased connectivity between social enterprises and the wider ecosystem, can unlock innovation. At their best, social enterprises are naturally inclined to cooperate around issues, across value chains and between geographies. We believe there's a big latent opportunity here - and more than just organising for strategy, we believe that organising as strategy should be a key characteristic of the approach taken to implementing SENS.

'Most precious resource in an innovation system is knowledge, so you need to build implementation on a robust knowledge commons - organised around key impact goals (reflect but sit above Federal policy domains, so not captured by any one government). Then use the State-based networks to establish 'thick' relationships around each on the ground.'

'Emphasise our hyper-connectivity as our version of scale, and makes us well placed to lead innovation. Not asking to pour big dollars into a few social enterprises, but growing the capability of networks that can work together to deliver. Structure the strategy to support further developing these capabilities, rather than supporting individual enterprises.'

The Moving Feast initiative, designed and initiated during the Victorian Covid-related lockdowns, provides a prototype of what an action oriented networked approach could look like. We're interested in how this might work at multiple layers of scale around the big challenges and opportunities we face as a country. How might investment in connectivity across the social enterprise ecosystem create

'It's a way to raise the bar around roles for social enterprise, a conversation much more focused on the transformative potential than on the machinations of organisational form etc. A different horizon of possibility. Moving Feast is a good example, probably the best we have in Australia as yet.'

the means to radically amplify the sector's scale and depth of impact? Drawing on this prior strategic work (which uses 'hive diagrams'), and with permission, we suggest a matrix-style approach could be a useful way to represent the potential relationships between impact themes and geographical interests and orientations. This visual representation would facilitate engagement with some of the social enterprise sector's complexity, and foster conversations about its contributions to bigger picture challenges and opportunities.

Where to next?

The SENS project was established with the goal of making an approach to the Federal Government to support the growth of the social enterprise sector. As discussed throughout this report, establishing an effective entry-point into this will be through strengthening the organisational infrastructure of the sector. This approach also has immediate co-benefits in respect to increasing coordination and effectiveness within the sector, and could also be a pathway to breaking new ground towards systems innovation and impact.

For this, we believe a new and ambitious partnership with aligned philanthropic organisations should be explored, so as to enable the step change that is needed to progress this work effectively.

'Bring enablers in the ecosystem on the journey - they need to be ready when we're ready; and need to respond and adapt practices as capabilities mature etc. Referring particularly to grant funders and investors here. The strategy should support that educational piece.'

'There's room to involve the philanthropic sector in the 'readiness' piece… many of them want to work at the ecosystem level.'

'An influential paper in the philanthropy sector by Liz Gillies on three types of philanthropy - conventional, venture, and catalytic. Encouraging funders to be catalytic through a 'pay what it takes' argument. That requires closer relationships with the funded organisations. 'Pay what it takes' is an important message as it changes the focus, the dynamic, risk appetite, and the timeframes.'

'Let's make this strategy count; not just sit on paper; really have impact. That will include working out how to fund the implementation, so it's not just a lot of words that don't go anywhere.'

Implications for SENS

1. Having good organisational infrastructure in place enables sector development in a number of foundational ways:

   - Governments like to deal with 'go-to', neutral partners / points of engagement.

   - Purpose specific functions mitigate the potential dysfunction of different actors disproportionately advancing their own interests.

   - Dedicated capacity avoids saddling existing (and busy) organisations and/or practitioners with responsibilities beyond their core business, which would otherwise be undertaken without compensation or adequate resourcing.

   - Neutral spaces can facilitate the forming of balanced and shared views on development strategies, and provide the means to resolve inevitable tensions and conflicts as they arise.

   - Improved coordination and connectivity creates gains in efficiency and effectiveness for actors across the ecosystem.

2. While SENS started with the premise of securing the Federal Government's support for a national strategy that would lead to, amongst other things, the establishment of organisational infrastructure, we propose flipping the order. We believe the next action for the SENS project should be to stand-up a coordinating function, and then concurrently improve coordination within the sector while also engaging the Federal Government (which the coordinating function would also provide capacity for). Having this capacity will also enable effective engagement with related initiatives, such as those that may come out of the SIIT's recommendations, where it is vital for the sector to have a coordinated and strong voice.

3. This approach means that the sector can firstly develop and agree its strategy, without undue influence in relation to the elements of potential interest to government; and also that if engagement with the Federal Government isn't successful, that the sector can still progress the strategy. In addition, it opens up the middle ground where, in the event a 'national strategy' proves unfeasible, coordinated engagement can still be undertaken across Federal Government departments, even if in a more ad-hoc way. It sends a signal that the sector is seriously committed to the long term, and to high-level coordinated engagement. It acts as a 'hedge' that increases the likelihood of good development outcomes for the sector, regardless of how the Federal Government responds to proactive engagement.

4. We recommend that SENS builds on the work presented here - starting the implementation aspects from now, but beginning with activities that precede formal engagement with the Federal Government. We recommend that immediate priorities are:

   - Shaping and agreeing the overarching theory of change, strategy framework and implementation approach with core sector stakeholders - nominally, the State networks, established intermediaries and engaged philanthropists. Our proposal for these components forms Part Two of this report.

   - Securing resources for a coordinating function which can also lead the implementation of SENS, which will include provision for a multi-year government engagement and strategy development process - with SEWF 2022 set as a key milestone for securing initial Federal Government buy-in.

5. The more nuanced questions and details of an investment case should be taken up and shaped once the initial phases of SENS are navigated, and when some of the benefits of more

intentional collaboration are identifiable. Specific action plans for sector development will ideally be developed through co-production with the Federal Government once initial buy-in has been secured. The content of Part Three of this report will provide useful starting points for the development of some of this detail.

6. Organising poses challenges in respect to the diversity of representation and competing interests. So in addition to establishing a strong organisational infrastructure, we also believe the sector should develop and agree some core principles of practice under the SENS initiative - this could include commitments to inclusion, social justice, strengthening cultural capacity, and thinking and acting in the long-term interests of the sector, wherever possible.

7. Beyond effective collective action, the role of individual leadership will remain critical. Successful advocacy campaigns and movement building processes generally have key individuals within and behind them, and the prospects for SENS will be improved by recruiting, resourcing and retaining the right people to lead the work, even if that leadership is highly facilitative in its nature and approach. We believe that practitioners involved in leading social enterprises, if not exclusively, need to be at the heart of future work and process.

8. Beyond the coordination of sector organisation and development, we believe that the increased connectivity and coordination generated will play a significant role in how the social enterprise sector innovates and progresses its core business of creating impact. In addition to the enabling environment through which development support for individual enterprises would be provided, how could a networked environment also facilitate them working together more closely?

9. In Part Two of this report we propose an approach to developing SENS that is based on this idea, recognising that coordination, communications, resourcing, underpinning principles, the development of the enabling environment, and coordination with State-level strategies and significant related initiatives, are other necessary components. Critically, a missions or systems-led approach could provide the basis of making a compelling proposition to the Federal Government (aligning with 'hot topics'), and also a framework for fostering cooperation with the wider impact movement.

10. It is our view that the development and implementation of SENS will be an ongoing process, rather than a linear one, and will require much more than simply creating a convincing proposition. At a high-level, this would likely include:

    - Reaching agreement with core stakeholders on the goals, vision, framing and approach of a strategy.

    - Engaging, coordinating with, and securing the support of, adjacent stakeholders.

    - Establishing and resourcing a coordinating and governance entity.

    - Socialising a compelling 'bigger than' vision and call to action across the sector.

    - Initiating engagement, education and advocacy across Federal Government.

    - Securing engagement from the Federal Government (and other supporters) on the development of a national strategy.

    - Looking to co-produce the implementation approach with the Federal Government, or at least

cooperate on a pathway project, so as to establish foundations for practical engagements.

- Fostering deeper engagement and co-production within the sector, leading to 'self-help' activities alongside asks to the Federal Government and other funders.

- Securing investment from the Federal Government.

- Developing actions plans for sector development through deep sector engagement.

- Sustaining a presence and relationships within the Federal Government theatre to maintain support and enable opportunistic engagement as/when situations arise.

Appendix A

Stakeholder Organisations	
B Lab	Andrew Davies Anna Crabb
Business Council of Cooperatives & Mutuals (BCCM)	Melina Morrison Anthony Taylor
BuyAbility	Simon Scrase
Centre for Social Impact Swinburne	Jo Barraket
Charitable Recycling Australia	Omer Soker
Community Capacity Builders	Sharon Zivkovic
First Australians Capital	Leah Armstrong
Moving Feast	Bec Scott
Paul Ramsey Foundation	Abhilash Mudaliar
Philanthropy Australia	Judy Foster
Social Impact Investment (SII) Taskforce	Amanda Miller
Social Traders	Mike McKinstry Tara Anderson Katherine Kennedy
Social Ventures Australia (SVA)	Malcolm Garrow Colin Stimpson\
Supply Nation	Laura Berry
VIC Government, Department of Jobs, Precincts & Regions (DJPR)	David Clements Amber O'Connell
Westpac Foundation & Westpac Bank	Sally McGeogh
White Box Enterprises	Luke Terry
YLab	Michael Lim

ASENA Members	
Australian Centre for Rural Entrepreneurship (ACRE)	Matt Pfahlert
Impact North	Alexie Seller Frances Haysey
QLD Social Enterprise Council (QSEC)	Elise Parups
Social Enterprise Council NSW & ACT (SECNA)	Cindy Mitchell
Social Enterprise Network Victoria (SENVic)	Nick Verginis Cinnamon Evans Sally Quinn
South Australia Social Enterprise Council (SASEC)	Sharon Zivkovic Evelyn O'Loughlin Theresa Brown Sarah Gun
WA Social Enterprise Council (WASEC)	Pat Ryan

International	
Akina (New Zealand)	Louise Aitken
Canadian Community Economic Development Network (CCEDNet) (Canada)	Michael Toye Raissa Marks
CEiS (Scotland) / SEWF (Global)	Gerry Higgins
Glasgow Caledonian University, Yunus Centre for Social Business & Health (Scotland)	Michael Roy
REDF (US)	Manie Grewal
SEUK (UK)	Charlie Wigglesworth
SEWF Policy Team (Global)	Maeve Curtin
Social Investment Business (SIB) (UK)	Nick Temple
Social Value Canada (Canada)	David Le Page
Social Value Lab (UK)	Jonathan Coburn
Former lead government official for social enterprise (Scotland)	Yvonne Strachan