

Finding Australia's Social Enterprise Sector: Final Report

FASES
FINDING AUSTRALIA'S
SOCIAL ENTERPRISE SECTOR

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Australian Centre for Philanthropy and Nonprofit Studies June, 2010

FASES is a joint initiative of Social Traders and the Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology

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Acknowledgements

Finding Australia's Social Enterprise Sector (FASES) is a joint initiative of Social Traders and the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS), Queensland University of Technology. The ACPNS social enterprise research program is jointly supported by QUT and the Westpac Foundation.

The research presented in this report benefited from the contributions of more than 500 people and organisations. The research team wishes to thank all those who gave generously of their time and experience, including:

- Thirty-eight people who participated in the original project workshops, interviews and online consultation, that helped frame the definitions and survey instrument;
- 157 people who contacted us via the project website to tell us of a social enterprise they knew; and
- 539 organisations that participated in the online survey.

We thank those social enterprises, not for profit organisations, and government agencies that freely promoted the work of FASES through their networks. In particular, our thanks to The Big Issue, Third Sector Magazine, Connecting Up Australia, Jobs Australia, Social Enterprise World Forum, Pro Bono News and the Brotherhood of St Laurence CEDI initiative for their promotion of the project.

May Lam and Mark Daniels of Social Traders were instrumental in the management of the project and in the production of the final report.

Finally, we acknowledge the late Mark Lyons, for his invaluable contributions to the research design and survey instrument.

All errors of interpretation remain the authors' own.

About the research project

The Finding Australia's Social Enterprise Sector (FASES) research project is a joint initiative of Social Traders and the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) at Queensland University of Technology (QUT).

The research project has produced, in chronological order:

1. A discussion paper: *Defining and operationalising the idea of social enterprise*, April 2009 Appendix One of this document
2. A report on workshop discussions and meetings in 2009 with key informants working with or in social enterprises July 2009 Appendix Two of this document
3. The FASES survey instrument October 2009 Appendix Three of this document
4. A summary report of the FASES research June 2010 Available from : www.socialtraders.com.au/about-fases
5. Final Report: *Finding Australia's Social Enterprise Sector* June 2010 This document. Also available from www.socialtraders.com.au/about-fases
6. Social Traders is developing an online Australian Social Enterprise Directory using and building on contact lists of social enterprises generated for this survey research. This is planned for release in August/September 2010.
7. Social Traders and ACPNS hold a list of organisations, which is available for further non-commercial research into social enterprises and their activities. This may be made available to researchers subject to certain conditions
8. ACPNS holds comprehensive survey data from the FASES research project. Parts of this may be used for approved and agreed research purposes. ACPNS is not resourced to respond to individual requests for data analysis.

Executive Summary

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.

This document reports on the research findings of the Finding Australia's Social Enterprise Sector (FASES) project. FASES is a joint initiative of Social Traders and the Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology. It is a first attempt to identify the range and scope of social enterprises in Australia.

The methodology utilised in this research included: a review of existing literature and methods of social enterprise mapping; establishment of a project website and preliminary discussion paper to stimulate public engagement with defining and identifying Australian social enterprises, which resulted in four online responses to the discussion paper and 157 nominations of social enterprises to be included in the research; a series of workshops and interviews with 34 key informants to assist in defining social enterprise for the purposes of the research; identification of the social enterprise population through a combination of web and media review, review of existing databases and feedback through the project website; development and administration of an online survey; and collation and analysis of secondary data. Five hundred and thirty-nine organisations commenced the online survey, of which 365 were valid social enterprises according to our definition.

Based on pre-existing research data and information from our survey, we estimate that there are up to 20 000 Australian social enterprises. This estimate takes into account that some not for profit organisations have multiple business ventures, and that not all social enterprises are incorporated as not for profits.

Our survey results suggest that the Australian social enterprise sector is mature, sustainable and internally diverse with regard to mission and organisational structure. Amongst the 365 survey respondents, 73% had been operational for at least five years, and 62% were at least 10 years old.

Australian social enterprises seek to fulfil a diversity of missions and serve a wide variety of beneficiaries. As a whole, the dominant foci of our survey respondents were on creating opportunities for people to participate in their community, and on finding new solutions to social, environmental, cultural and economic problems.

Australian social enterprises operate in every industry of our economy. Our survey data suggest that they trade predominantly in local and regional markets and focus on fulfilling their missions at local and regional goals. However, some social enterprises operate in international markets and seek to respond to missions of international scope.

The sector includes small, medium and large enterprises, with the majority in our sample being small. Social enterprises are involved in all forms of economic production, including retail, wholesale, and manufacturing. Although present in all aspects of the economy, they appear to operate primarily within the service economy, with 58% of our responding organisations providing services for a fee.

Collectively, Australian social enterprises are multi-resource organisations, relying on a combination of paid and unpaid workers, in-kind contributions, and earned income and other income streams to fulfil their missions. Amongst the organisations that participated in our survey, volunteer numbers ranged from zero to 56 000, with a median number of 10 volunteers. Paid workers represented the majority of human resources; the mean number of full-time equivalent staff was 47, while the median was four and staff numbers ranged from zero to 4 500.

Based on financial accounts for the 2007-2008 financial year, earned income was the dominant source of income amongst responding social enterprises, comprising 85% of overall income. Earned income included contracts with government that were competitively secured. Younger organisations reported being somewhat more reliant on debt equity, contributions of individual members, and philanthropic grants than respondents overall.

Social enterprises engage in all common forms of business planning and development practices. As a group, our respondents tend to engage somewhat more frequently in operational business practices than they do in strategic business development. In comparison with mainstream businesses, social enterprises in our survey reported being relatively more active in both strategic and operational business planning, and relatively more likely to procure business services, such as accountancy and legal services.

The *Finding Australia's Social Enterprise Sector* project is a first attempt to shed light on the scope and activities of an important and largely invisible part of our social economy. Our research finds that, contrary to popular commentary about social enterprise, it is not a new phenomenon and it is not organised around a narrow set of missions. Rather, social enterprise – like other aspects of civil society – gives expression to a range of human aspirations as diverse as society itself.

The generalisability of some of the research findings in this report is constrained by the sampling method used, which was chosen because there is no easily identifiable population of social enterprises in Australia. If understanding the contributions and practices of the social enterprise sector is of concern to policy makers and social enterprise advocates, a coordinated approach to identifying the population would be desirable. Finally, while the research presented here tells us something about *what* social enterprises do, more needs to be understood about *how* they do what they do, and the outcomes and impacts of their activities on their targeted beneficiaries and the wider community.

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1.0 Introduction and background

There has been growing interest from governments, business, the not for profit sector and philanthropy in social enterprise in Australia over the past decade. This reflects new demands for innovative responses to 'wicked' social and environmental problems, as well as growing requirements for not for profit organisations to diversify their income sources.

Recent changes to federal employment services have identified social enterprise development as one form of social innovation capable of generating jobs and employment pathways for those most disadvantaged in the labour market. This reflects policy interest in the success of some large welfare agencies in establishing intermediate labour market programs based on social enterprise models. In Victoria, the State Government has supported community enterprise development as part of its community strengthening/development agenda for the last five years. At local government level, large councils such as Brisbane City Council and Parramatta City Council have introduced social enterprise support through purchasing arrangements and capacity building activities.

Beyond government initiatives, there has been growing interest in social enterprise by individuals and foundations interested in finding new approaches to philanthropy and social investment, and a growing number of practitioner forums and intermediary organisations involved in supporting social enterprise development. Social enterprise and social entrepreneurship are gradually capturing the attention of Australian universities, with a small but growing number of academic research centres researching and teaching in these areas.

Despite this growth in interest, little is known about the dimensions or impacts of the existing social enterprise sector in Australia (Barraket 2004; Lyons & Passey 2006; Barraket 2008). This is in part due to the lack of a self-identifying social enterprise movement or coalition in this country. It also reflects the empirical challenges of identifying the sector; social enterprises operate under various legal structures and are thus not easily visible in the way that, for example, incorporated not for profits or private sector businesses are. A small, but growing number of 'profit for purpose' social businesses are also blurring traditional boundaries between 'not for profit' and 'for profit' business activity.

As market activity led by a mission to achieve public or community benefit, social enterprise itself challenges presumed divisions between social and economic activity. Further, because of the relative newness of the language of social enterprise, not all organisations that operate as social enterprises identify with this terminology.

The Finding Australia's Social Enterprise Project (FASES) is a first attempt to identify the range and scope of social enterprises in Australia. The aims of the project are to advance the social enterprise sector by:

1. **improving public and government awareness** of the sector's diverse forms, activities and contributions;
2. **identifying the social enterprise population** for the purposes of further research of use to the sector; and

3. **facilitating opportunities for connection** between individual social enterprises, potential beneficiaries and markets, and sources of developmental assistance.

The research reported on here responds to the first of these aims. The other outputs forthcoming from the project include a database and a national online directory of Australian social enterprises.

We have sought to be both rigorous in our research approach and transparent about our methods. Like all first attempts to identify the social enterprise sector, however, this one is likely to stimulate discussion and, possibly, dissent. We hope that the research presented here will be understood as a 'conversation starter' rather than an attempt to have the last word on the state of the Australian social enterprise sector. We welcome feedback on any aspect of the research.

2.0 Comparing approaches to mapping social enterprise

FASES is the first attempt to identify the social enterprise sector in Australia. Similar ‘mapping’ exercises have been conducted in the UK, continental Europe and Canada. As part of the initial phase of the FASES project, we conducted a comprehensive review of the social enterprise mapping approaches that have been previously undertaken. The purpose of this review was to assess the strengths and limitations of existing approaches, and to identify useful methods for application in our own research. Here, we briefly review the main approaches that we identified, in order to establish the basis for our own approach, discussed further in Section 3.0.

2.1 Methodological approaches

Our review found that there has been no consistent methodology employed in past social enterprise mapping exercises. This is confirmed by Lyon and Sepulveda’s (2009) review of social enterprise mapping methods. They identify that, to date, there have been two broad approaches to mapping exercises:

1. Top down approaches at a national level; and
2. ‘Bottom-up’ approaches, usually for local or regional mapping.

Within each of these approaches, definitions of social enterprise are determined in two ways:

1. Researcher, or ‘test-based definition’; and
2. Respondent self-identification, or ‘user-driven definition’ (Lyon & Sepulveda 2009, p. 86).

2.1.1 Top down approaches

Top down approaches using a test-based definition of social enterprise have usually started with a clearly identifiable population of organisations, and a corresponding sample frame. The sample may be national, but there is no reason why a top down survey could not be limited to a particular (e.g. geographical) subdivision, provided the sample frame is available. Using a test-based definition, social enterprises are most readily identified by company structure (form of incorporation). For example, companies limited by guarantee - and in the UK, Community Interest Companies – may be considered a reasonable proxy for social enterprises because we know that those forms of incorporation allow trading, and limit distribution of profits or assets on winding up. Once the population is defined, organisations are selected from existing sample frame (or database) and invited by email or telephone to participate in the survey. The approach requires clear definitions that can be applied consistently and transparently. The IFF Research Limited Survey (Department of Trade and Industry 2005) for the Small Business Service in the UK, for example, used the Financial Analysis Made Easy (FAME) database to identify companies limited by guarantee, and industrial and provident Societies. From this list the researchers omitted enterprises in industry sectors they deemed unlikely to include social enterprise activity. The benefit of a top-down approach using a test-based definition is that the population is easily identifiable by organisational structure. The main limitation of this

approach is that a focus on organisational structure, rather than the multiple features of social enterprise, may result in inclusion of some organisations that are not social enterprise and the exclusion of many that are. The IFF Survey, for example, overlooked incorporated associations and cooperatives that trade for a social purpose, many of which could constitute social enterprise. In the Australian context, a further limitation of this approach relates to the cost of extracting the organisational data from government regulatory bodies for the purposes of identifying the population and building a sample frame. While some provide this free of charge, others operate on a fee for service basis. Because different forms of incorporation are regulated either at state or federal level, there is limited coordination of existing data. The quality of data available from regulatory bodies is also highly variable.

Top down surveys based on user-driven definitions of social enterprise have been carried out as part of general business surveys where respondents have been asked if they self-identify as social enterprises. Using a sample from Dun and Bradstreet, the UK's Annual Small Business Survey (*DTI 2006*), for example, found that 5% of all organisations surveyed described themselves as social enterprises. Extrapolating from that figure, researchers suggested that there were approximately 55 000 social enterprises in the UK.

The benefit of this approach is that it is relatively straightforward and low cost, as questions regarding social enterprise status are simply integrated into existing data collection on business activity. There is no need for researchers to determine which businesses are included or excluded; identification is up to the respondent.

The main limitation of this approach is that it is likely to yield invalid data, as self-identification as a social enterprise can be subject to misinterpretation by respondents. The figure of approximately 55 000 organisations identified as social enterprises in the *DTI 2006 Small Business Survey*, for example, is considered too high by some (see Lyon and Sepulveda 2009). Aggregated data from the DTI/BERR Small Business Surveys between 2005 and 2007 generate an even higher estimate of 62 000 social enterprises in the UK (Leahy & Villeneuve-Smith 2009). A secondary limitation of this approach is that, when incorporated into general business surveying, data collection from social enterprises is likely to be limited to those features of social enterprise that are consistent with mainstream business. This potentially limits what we can find out about the 'social' dimension of social enterprise practice.

2.1.2 Bottom-up approaches

The majority of regionally-based social enterprise studies in the UK and elsewhere have identified the population and developed a sample frame from the bottom up, by searching out databases built by county networks, social enterprise intermediaries and other sources. In some instances, researchers have then applied a test-based definition to select specific enterprises for inclusion in the sample. More commonly, organisations have been invited to self-identify as social enterprises. Researchers for the Social Enterprise Coalition's *State of Social Enterprise Survey* (Leahy and Villeneuve 2009) used a 'bottom-up' approach for their national survey, but the application of a test-based definition

was implicit in the construction of their sample frame. They did not include organisations based on legal structure. Instead, they randomly sampled a potential data set of 5,355 social enterprises identified through their own networks, including coalition members, coalition members' networks, and Community Interest Companies.

The benefits of this approach are that it is inclusive of a diversity of social enterprise types and allows for tailored surveying of the identified sample. The limitation of this approach is that it requires a pre-identified population of social enterprises from which to sample. In the Australian case, no such population had been identified at the time the FASES research was conducted.

FASES draws on the features of a number of the studies discussed above. We have taken a bottom-up approach to identifying our social enterprise population. This is consistent with the aim of the project to understand the diversity of the sector. Within our survey, we employed a test-based definition of social enterprise, using a series of questions to filter out responding organisations that are not consistent with the definition of social enterprise devised following consultation with 38 key informants. This is discussed in further detail in Section 4.0.

3.0 Methodology

Figure One provides an overview of our methodological approach. The research comprised a number of phases, with some of these occurring concurrently:

- 3.1 Literature and methodological review:** A comprehensive scan of international social enterprise mapping projects was conducted in order to ascertain different approaches to sampling and research instruments from which the team could derive survey items that had been validated through previous use.
- 3.2 Website establishment:** A project website was established at www.socialeconomy.net.au and a preliminary discussion paper on defining social enterprise (see Appendix One) was developed and posted on the site for comment. The website also provided opportunities for people to tell us about a social enterprise they knew and/or to register for a copy of the full project report.
- 3.3 Framing and defining workshops:** In April-May, 2009, the research team conducted three workshops and two meetings to discuss definitions of social enterprise with key informants. Informants were purposively selected based on their reputation for leadership in social enterprise development, social enterprise research, and/or their affiliation with organisations and government departments with oversight of social enterprise development. Thirty-four people participated in these discussions. In addition, four responses to the definitional discussion paper were received via the project website. Participants were asked to articulate the core features of social enterprise, and to consider how best to operationalise the concept for the purposes of identifying and surveying the sector. Participants' intuitive understanding of social enterprise was also explored using specific examples that 'tested' articulated definitions. The main outcomes of these workshops are discussed in Section 4.0 below. Full details on the workshop discussions are provided in Appendix Two.
- 3.4 Identification of the population:** An inductive, or bottom-up, approach was taken to identify the population for surveying. A systematic search for Australian organizations consistent with our definition of social enterprise was conducted via:
 - A review of publicly available information from relevant regulatory bodies (for example, the consumer affairs agencies in each state);
 - A review of case study and resource sites pertaining to social enterprise in Australia (for example, The Social Innovation Exchange, Parramatta City Council's Social Enterprise Resource Site, Brotherhood of St Laurence's community enterprise development initiative website);
 - A comprehensive web search for not for profit trading organizations;
 - A media search of local and national print media over the past two years;
 - Requests for information, where privacy requirements permitted, through the research team and Social Traders' existing networks; and

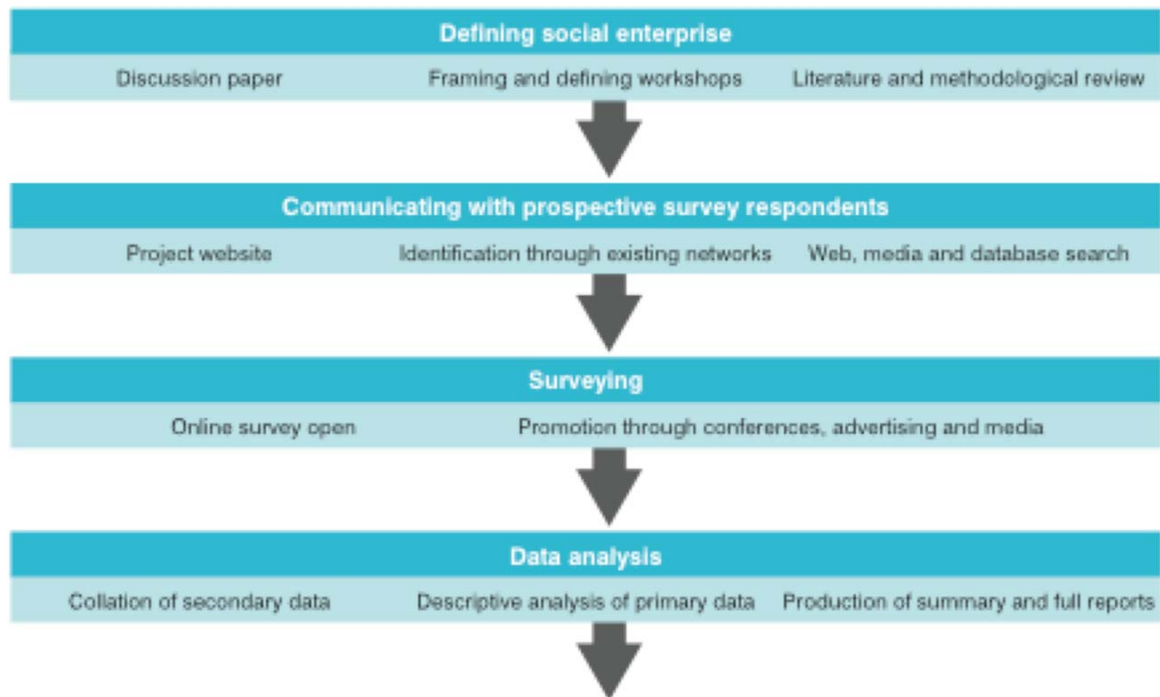
- Promotion of the project and project website through relevant networks, seminars and newsletters, and via Twitter.

One hundred and fifty seven social enterprises were recommended for inclusion in the research via individuals who contacted us through the project website.

In total, 4 460 prospective organisations with available contact details were identified via these methods. Based on the organizational information available through the search process, not all of the organizations identified could be verified as social enterprises. We thus sought to be inclusive in our invitation to participate in the survey, and used filtering questions in the survey instrument to determine which organizations were valid social enterprises according to our definition (see Section 4.0).

- 3.5 Survey design and administration:** A detailed online survey instrument was designed based on our original research aims, existing survey instruments used to map social enterprise, existing survey instruments utilized as part of Australian business data collection, and issues raised by workshop participants. The survey was piloted online with three people involved with social enterprise development and subsequently refined. Most refinements related to the technological interface of the online survey, with two minor substantive amendments to survey questions. The online survey was opened for seven weeks between October 2009 and November 2009. Direct invitations to participate were sent by email to 4 460 organisations. Taking into account email bounce backs, 4 000 valid email invitations were distributed. One follow-up reminder was issued by email. The survey was actively promoted at major relevant events, including the Social Enterprise World Forum in Melbourne, and Jobs Australia national conference in Hobart. Two half-page advertisements were placed in consecutive editions of The Big Issue. The survey was also promoted in the digital newsletters and/or on the home pages of at least 12 not for profit and social enterprise intermediaries and four government agencies. Finally, telephone follow-up reminders were made by members of the research team and Social Traders staff to 274 organizations.
- 3.6 Secondary data collation:** In order to assist our understanding of the scope of the social enterprise sector, available data on not for profit business activities and reports on the contributions of industry sub-sectors were collected and reviewed. Information arising from the secondary data collation is presented in Section 5.1.
- 3.7 Primary data analysis:** Survey data were subjected to descriptive analysis. Descriptive – rather than inferential - analysis was selected because of the inductive approach to identifying the population that was required in this context, where no known social enterprise population had previously been identified. The survey results are presented in Section 5.2.

Figure 1
Overview of Methodology



4.0 Defining social enterprise for research purposes

A significant starting point in understanding the scope of the social enterprise sector is being able to define just what a social enterprise is. The concept of social enterprise has been debated for more than 10 years both in Australia and overseas. Different definitions of social enterprise arise from different socio-cultural contexts (see Defourny & Nyssens 2010; Kerlin 2006), and are influenced by the policy frameworks that focus on particular forms of social enterprise with a view to achieving specific policy goals.

Finding an operational definition of social enterprise for the purposes of the study was an important objective of the framing and defining workshops, and the request for responses to the preliminary discussion paper. It is notable that there was no consensus amongst our key informants as to what defines social enterprise. For the purposes of the study, we defined social enterprise as follows.

Social enterprises are organisations that:

- a. Are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit¹;
- b. Trade to fulfil their mission²;
- c. Derive a substantial portion of their income from trade³; and
- d. Reinvest the majority of their profit/surplus in the fulfilment of their mission.

The full suite of definitional issues raised by workshop participants and respondents to the discussion paper are outlined in Appendix Two. For the purposes of surveying, we used points (a) and (b) of the above definition to filter respondents to the survey, while information pertaining to points (c) and (d) was elicited within the body of the survey for the purposes of testing the definition derived from our consultation.

1 This may include member benefits where membership is open and voluntary and/or benefits that accrue to a subsection of the public that experiences structural or systemic disadvantage

2 Where trade is defined as the organised exchange of goods and services, including: monetary, non-monetary and alternative currency transactions, where these are sustained activities of an enterprise; contractual sales to governments, where there has been an open tender process; and trade within member-based organisations, where membership is open and voluntary or where membership serves a traditionally marginalised social group.

3 Operationalised as 50% or more for ventures that are more than five years from start-up, 25% or more for ventures that are three to five years from start-up, and demonstrable intention to trade for ventures that are less than two years from start-up.

5.0 Findings

5.1 Social enterprise in Australia and in comparative perspective:

Findings from secondary analysis

This section examines social enterprise more generally, situating the FASES study within national and international contexts. This is a challenging undertaking as differences between research methodologies and industry definitions limit the utility of comparing various groups of data, complicating the task of producing an accurate and holistic overview.

As there are limited data available dealing directly with social enterprise, it is necessary to cast the “comparative net” further afield. It is generally accepted in the literature that data dealing with the third sector (not for profit and cooperative organisations) are valid sources to draw upon in relation to social enterprise, with Peattie and Morley (2005, p. 18) describing these statistics as “a reasonable proxy”. Our survey data, detailed in Section 5.2 below, suggest that the significant majority of social enterprises take a nonprofit or limited profit distributing form.

The only available internationally comparative research data on the not for profit sector in which Australia is included is that collected for the Johns Hopkins Comparative Nonprofit Research Project. These data, collected from 1990 (Salamon & Sokolowski 2004) suggest that – on the available measure of enterprising activity, being income derived through fees and subscriptions – Australia’s not for profit sector ranked fourth in the world, ahead of both the United Kingdom and the United States. These data suggest that we had a highly enterprising not for profit sector at the time this research was conducted. However, this source is rather old and care must be taken in attributing this finding to present day activity.

The most recent studies into the not for profit sector in Australia are the Australian Bureau of Statistics (2009) Non-Profit Institutions Satellite Account and the Productivity Commission Report into the Contribution of the Not for profit sector (2010). Looking specifically at social enterprise internationally, there are two recent surveys of significance. The UK’s State of Social Enterprise Survey (2009), commissioned by the Social Enterprise Coalition, and was based on 962 telephone surveys with senior figures within social enterprise in the UK. More consistent with the FASES methodology, the Canadian BALTA Social Economy Survey 2008 (preliminary report) conducted an online survey and presents the responses of 211 social enterprises (described by BALTA as “social economy organisations”) within the Alberta and British Columbia provinces.

There are approximately 600 000 Not for profits in Australia. Most of these are non-employing, small organisations that rely significantly on the voluntary contributions of members. Of these, around 60 000 Not for profits are ‘economically significant’ with an active tax role (Productivity Commission 2010, p.53). More specifically, there were 58 779 not for profits registered with the Australian Taxation Office in Australia at June 2007 (Australian Bureau of Statistics 2009). In 2006-7, the not for profit sector accounted for 4.1 per cent of GDP (excluding the contributions of volunteers), employed nearly

890 000 people and enjoyed contributions from around 4.6 million volunteers (Productivity Commission 2010, p. 53)

According to the Giving Australia study (Department of Families and Community Services 2005), in 2003-2004 over one quarter (29%) of not for profit organisations operated a commercial venture or social enterprise. In the overwhelming majority of cases (87%), the venture was an extension of services that organisations provide as part of their primary purpose and mission. This research found that organisations from rural and remote areas appear to rely more on fundraising and volunteer recruitment than to have partnerships with business or to operate commercial ventures. Older, more established, not for profit organisations were also found to be more likely to undertake fundraising, volunteer recruitment and operate a commercial venture compared to organisations that were established in the last 15 years (Department of Families and Community Services 2005).

Human services, education and research, and culture and recreation are all categories that feature prominently within the third sector. This is reflected somewhat in the FASES data, where respondents were asked to classify the industries within which their enterprise operated. As reported in Section 5.2, the majority of organisations responding to our survey operated in education and training (41.28%) and arts and recreation services (31.4%). Findings from the BALTA Social Economy Survey in Canada show slightly different results with the majority of enterprises operating in social services (37.4%), teaching and education (34.6%) and arts and culture (33.2%).

For both FASES and the international surveys, participants were able to select more than one category for this answer. Categories or descriptors were also different in each survey, as is the case for most of the data available. For example, "education and training" (FASES) is broadly comparable to "teaching and education" (BALTA). Needless to say, without a standardised approach to measurement and classification, only the most tentative of comparisons can be made between different data sets.

While there has been virtually no previous research conducted about the Australian social enterprise sector as a whole, there are a number of reports outlining particular industries or sub-sectors of organisations that are broadly consistent with the definition of social enterprise utilised in this research. These include community clubs, independent schools, cooperatives, community broadcasters, community services, private hospitals and residential aged care facilities, and surf life saving clubs. Finally, a study conducted by the Department for Victorian Communities⁴ (2006) cites a survey by KPMG which found 295 self-identified community or social enterprises in Victoria and that 25% of Victorian not for profit organisations operated a commercial venture.

There are no pre-existing data on the size of the social enterprise sector in Australia. Based on our research and previous findings of the Giving Australia project (Department of Families and Community Services 2005), we estimate that there are up to 20 000 Australian social enterprises if counted at the level of individual business ventures. As discussed above, the Giving Australia project (Department of Family and Community Services 2005) found that 29% of not for profit organisations

4 Now the Department of Planning and Community Development.

have some kind of business venture. Current data suggest that Australia has 59 000 economically significant not for profit organisations (Australian Bureau of Statistics 2009). Our estimate takes into account that some not for profit organisations have multiple business ventures and that not all social enterprises are incorporated as not for profits.

5.2 Survey findings

The following presents the results from our survey of Australian social enterprises. Full details of the survey instrument used are provided in Appendix Three.

5.2.1 Survey respondents

A total of 539 participants began the survey. Questions One and Two acted as screening questions to eliminate participants who were unlikely to be social enterprises based on the definition outlined in Section 4.0. The total number of participants retained was 365. Survey responses were checked for invalid or unintelligible responses and these were eliminated from the overall data.

Responding organisations ranged in size and age. As indicated in Figures Two and Three below, the majority were small to medium in size⁵, and 62% had been established for at least 10 years.

Figure 2
Question 24

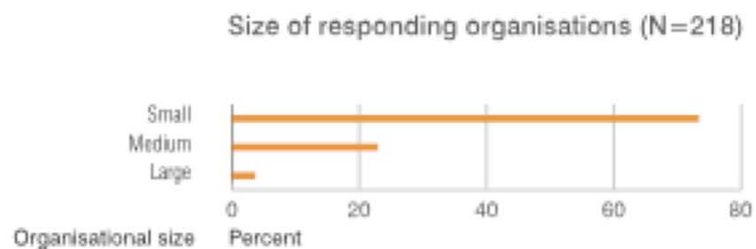
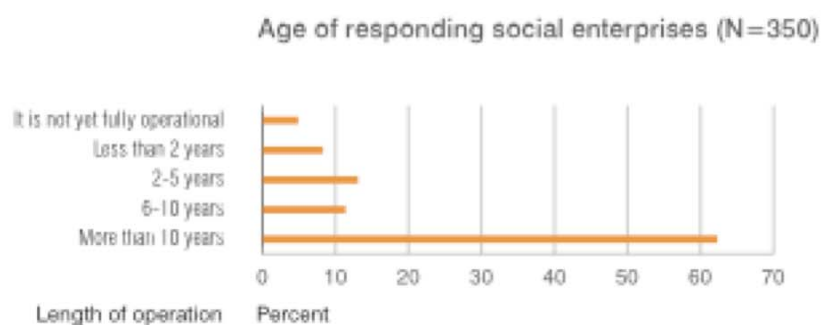


Figure 3
Question 7



5.2.2 Presentation of findings

There was some attrition within the survey, where respondents did not complete or opted out of some questions. We have chosen to present responses of all participating social enterprises here, in order

5 Where size is defined according to the Australian Bureau of Statistics definition as: small business = less than 20 staff, medium business = 20 but less than 200 staff and large business = 200 or more staff

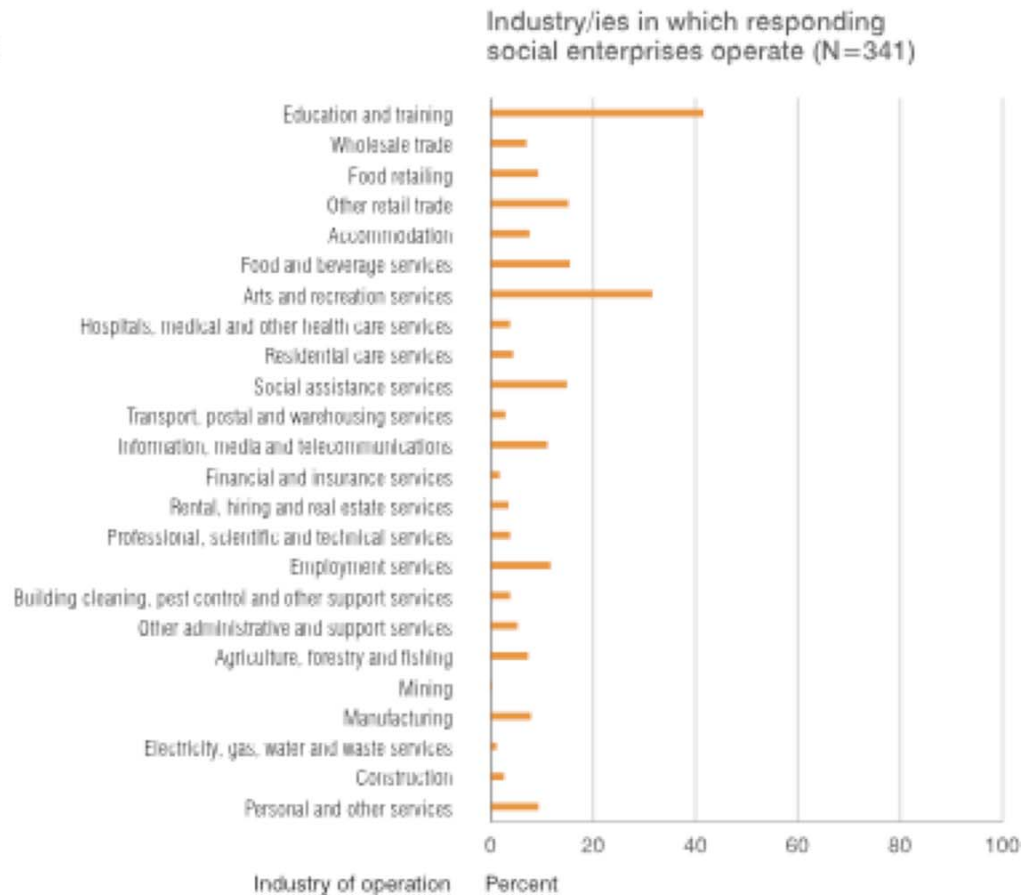
to capture the full diversity of responses. This means, however, that the numbers of respondents vary from question to question. Except where otherwise stated, the results are presented as the percentage of all respondents who attempted each question, in order to accurately reflect proportional trends in the data. 'N' is used to denote the actual number of respondents to each question. Where figures and tables are based on cross-tabulated data derived from multiple questions – specifically, Figure 17 and Tables One and Two – 'N' denotes the highest number of responses that presented in the questions used.

In order to provide a meaningful narrative of the findings, the results are presented under thematic headings rather than in chronological order as found in the survey. The survey question number is included in each figure heading so that readers may view the corresponding survey item in Appendix Three. It should be noted that, where survey questions allowed respondents to provide multiple responses, or contained multiple response items, results in the figures do not add up to 100%. Where graphs do not provide meaningful representation of the data, they are not used and the results are discussed descriptively in the text.

5.2.3 Industry Orientation and Trading Activities of Responding Social Enterprises

Participating organisations were asked to identify the industries in which they traded. Respondents were allowed to indicate all industries in which they operated to account for the fact that many social enterprises trade in one industry (for example, food retail) in order to provide a vehicle for fulfilling their mission in another (for example, social assistance services).

Figure 4
Question 12



As indicated in Figure Four, participating social enterprises operated in all industries based on Australian and New Zealand industry classifications. Education and training (41.6%) and arts and recreation services (31.7%) were the two most frequently cited categories within which participating social enterprises operated. Mining (0.3% or N=1) and electricity, gas, water and waste services (1.2% or N=4) were the least frequently cited industry areas.

Respondents were asked to identify which kinds of trading activities they were involved in. Respondents were able to select as many categories as were relevant to their social enterprise.

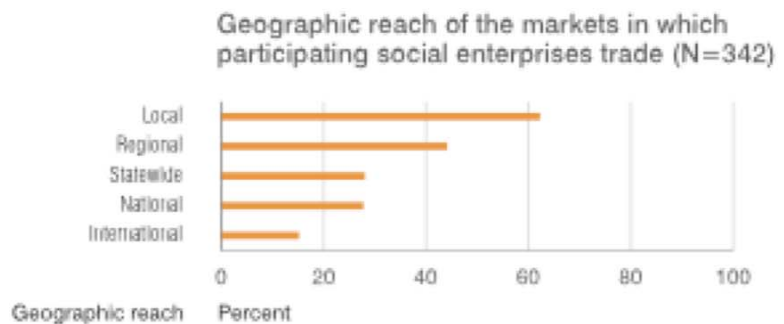
Figure 5
Question 1



As indicated in Figure Five, responding organisations predominantly operate in the service economy. The trading activities of responding organisations, in descending order, was: provide services for a fee (62.7%); retail or wholesale goods (26.0%); provide the use of capital assets for a fee (23.7%); produce goods for sale (23.2%); gain business through open tenders for government or other contracts (22.3%); provide a mechanism for producers to sell their goods (21.7%); and provide a mechanism for members to trade with each other (6.7%). Organisations that selected 'none of the above' were filtered out of the survey on the basis that they were not involved in trading.

Responding organisations were asked to describe the geographic reach of the markets in which they trade.

Figure 6
Question 18

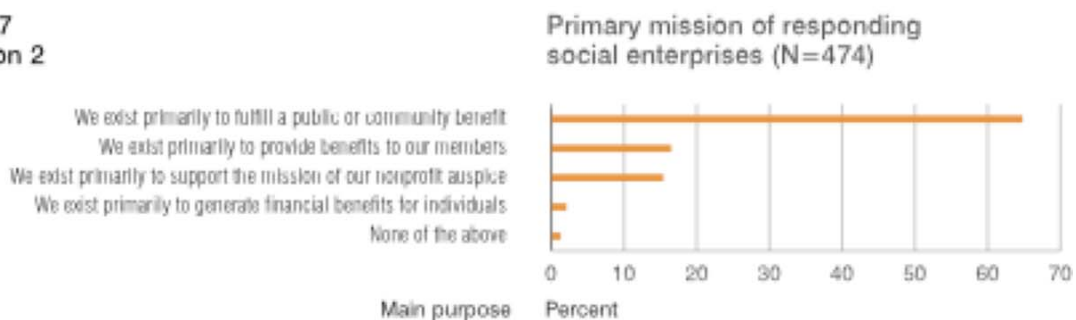


As indicated in Figure Six, the dominant geographic market reach of participating social enterprises was local markets (62.3%). The frequency of organisations reporting trading operating on a broader scale decreases the broader the geographic reach.

5.2.4 Mission and beneficiaries of responding social enterprises

Respondents were asked to describe their primary mission, based on a series of fixed statements.

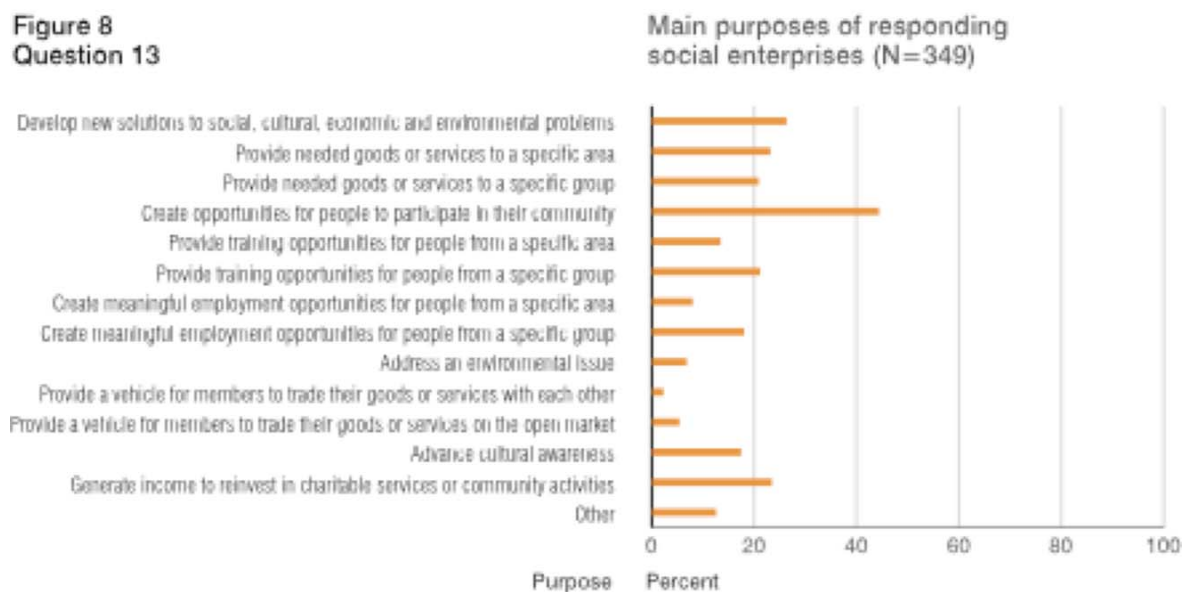
Figure 7
Question 2



As indicated in Figure Seven, the dominant response was the fulfilment of a public or community benefit (64.8%). Respondents that indicated they existed primarily to generate financial benefits for individuals were filtered out on the basis that they are not led by a public or community benefit.

Responding social enterprises were asked to describe their main mission-based functions based on a series of fixed statements.

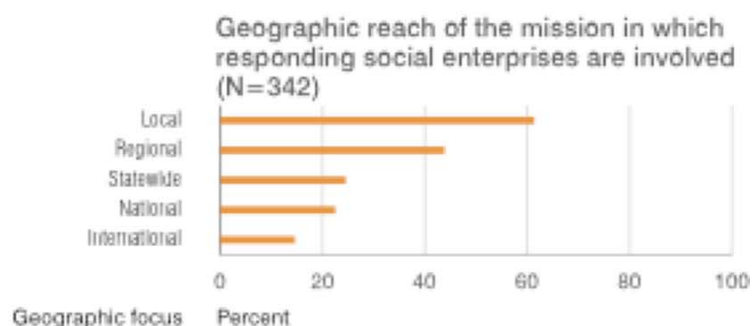
Figure 8
Question 13



As indicated in Figure Eight, creating opportunities for people to participate in their community was the most frequently cited function (44.4%) of the participating social enterprises. Social innovation also appeared to be a dominant purpose of survey respondents, with the response ‘developing new solutions to social, cultural, economic or environmental problems’ the second most frequently cited purpose (26.4%). The least frequently cited purpose was to provide a vehicle for members to trade their goods or services with each other (2.3%).

Responding organisations were asked to identify the geographic scope of their mission.

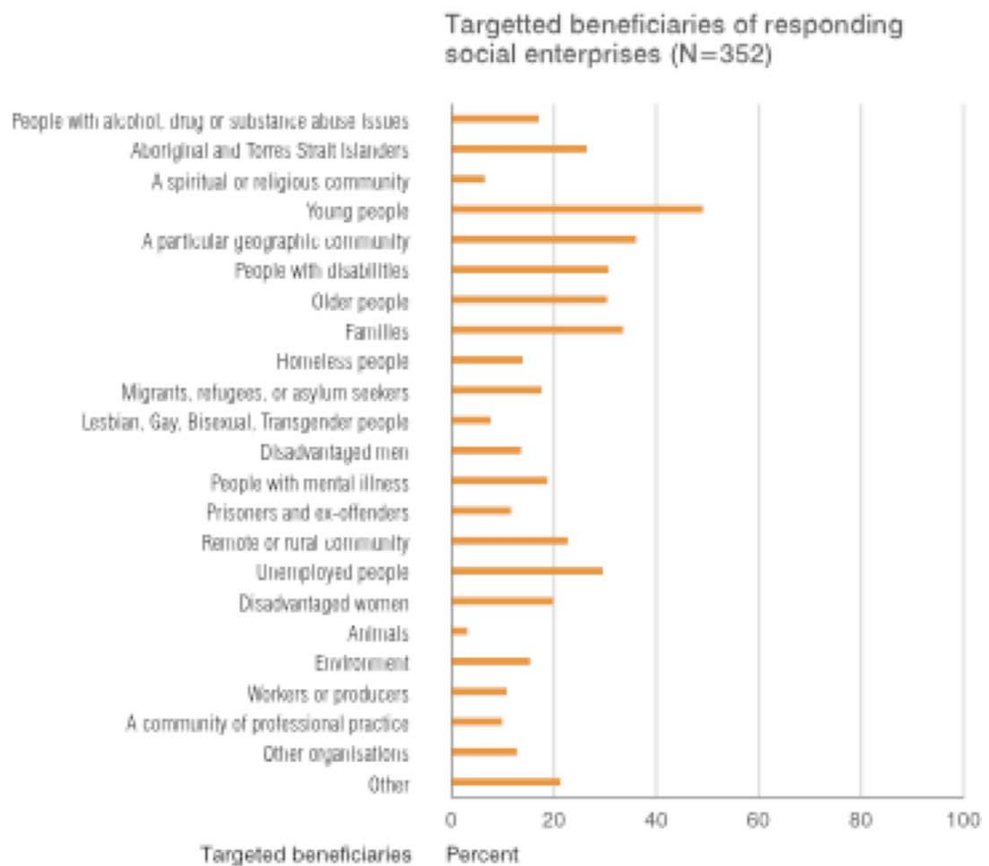
Figure 9
Question 19



The trend for Figure Nine is nearly identical to Figure Six, (Q18). This suggests that, similarly to their trading patterns, the dominant focus of our responding organisations is on responding to local and regional needs when fulfilling their missions.

Participating organisations were asked to identify their targeted beneficiaries. Respondents were allowed to select as many categories as were relevant to their social enterprise.

Figure 10
Question 14

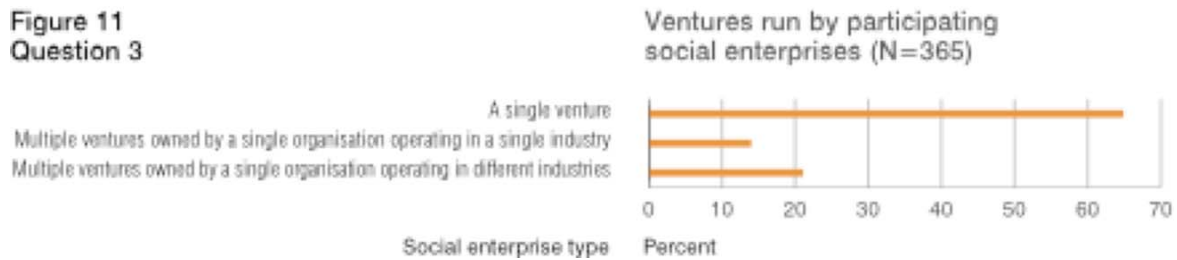


As indicated in Figure 10, the targeted beneficiaries of participating social enterprises were extremely diverse. Young people were the most frequently cited beneficiaries (49.1%), followed by a particular geographic community (36.1%), families (33.5%), people with disabilities (30.7%), older people (30.4%) and unemployed people (29.5%). Twenty-one percent of responding organisations selected ‘other’ as one of their responses to this question. A diverse range of other beneficiaries was provided. These included: ‘people living in Africa/Bangladesh’; ‘all the community’; ‘children in hospital’; ‘people visiting Australia’; ‘people who enjoy theatre’; ‘community housing tenants in co-operative housing’; and ‘anyone using our beach’.

5.2.5 Ownership and business structures of responding social enterprises

Participating social enterprises were asked to identify whether they run one or more ventures, and whether multiple ventures were operated in the same industry or in different industries.

Figure 11
Question 3



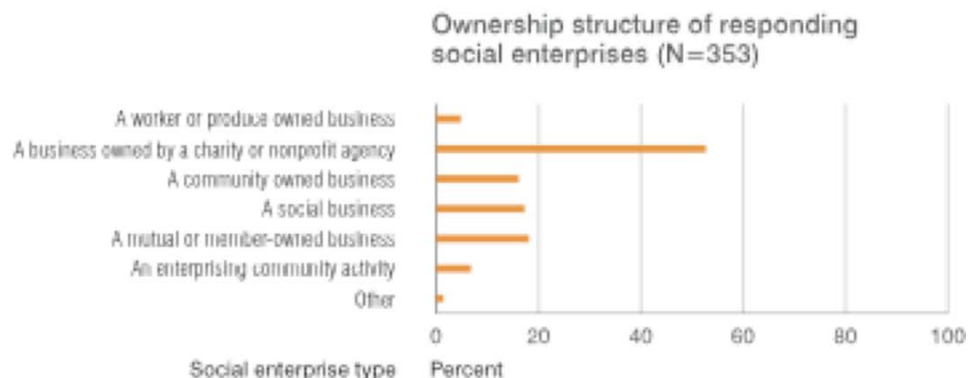
The majority of participating organisations run a single venture (64.9%). However, more than one third (35.1%) reported that they operate multiple ventures. Fourteen percent ran multiple ventures owned by a single organisation and operating in a single industry, and 21.1% ran multiple ventures operated by a single organisation in different industries.

The majority of participating social enterprises (57.8%) operate in only one location, which reflects the dominance of single ventures reported in Figure 11 above. The range of locations in which participating social enterprise operated was 0-350. It is important to note that a number of participants provided qualitative responses; for example, that they operated in several portable locations. In order to maintain the integrity of the data, these responses were not included in our statistical data. However, it may be interesting in future research to differentiate between organisations that have permanent locations versus those that have mobile locations or utilise other facilities.

Participating organisations were asked whether they operated as a franchisee, and whether they controlled a franchise system. A very small number of participating enterprises (N=6 or 1.7%) reported operating as a franchisee. Similarly, only 1.1% (N=4), indicated their enterprise controls a franchise system.

Participants were asked to identify the statement that best described the ownership structure of their social enterprise.

Figure 12
Question 6



As indicated in Figure Twelve, the dominant response by a large margin - 52.7% as compared with the next ranked responses (18.1%) - was a business owned by a charity or not for profit agency. The next most frequently selected response was a mutual or member-owned business. A smaller number

of participants identified as being from a community owned business (16.1%); social business 17.2%; and a worker or producer owned business (4.8%).

Respondents were asked to identify the status of their organisational structure at the time of the survey.

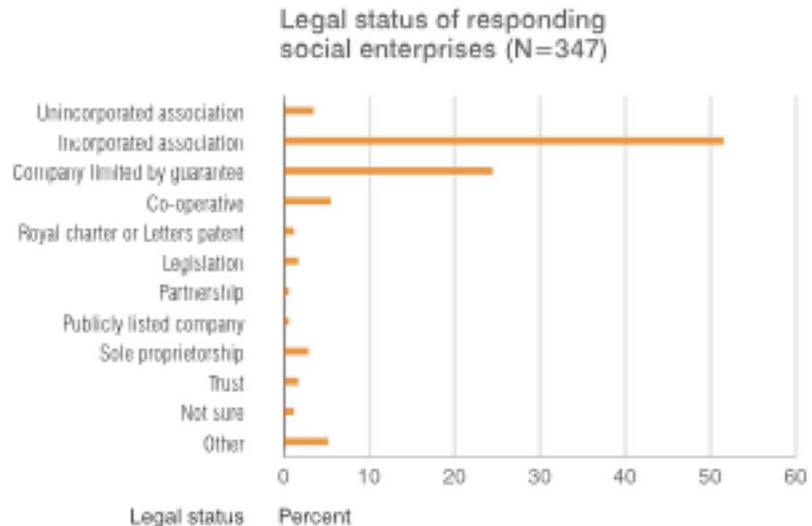
Figure 15
Question 23



The majority of participants (68.5%) identified as being a fully incorporated/registered trading entity. Other responses in order were: semi-autonomous entity operating under the auspices of a pre-existing organisation (9.7%); unincorporated group (6.9%); 'other' (6.9%); separately incorporated program or subsidiary of a larger organisation (4.3%); and incorporated but not yet trading (3.7%);

Respondents were also asked to identify their legal status.

Figure 14
Question 9



Incorporated association was the most frequently cited legal status for the organisations (51.6%) followed by company limited by guarantee (24.5%). The remaining responses in order were: co-operative (5.5%); 'other' (5.2%); unincorporated association (3.5%); sole proprietorship (2.9%); legislation- that is, incorporated under own act of parliament (1.7%); trust (1.7%); royal charter or letters patent (1.2%); not sure (1.2%); partnership (0.6%); and publicly listed company (0.6%). In the 'other' category, the most frequently listed response was propriety limited company.

Participants were asked about the membership structure of their organisation. A large majority (78.6%) reported having members who are eligible to vote, while 20% reported they did not and 1.4% of respondents did not know. For those participants who indicated their organisation had voting members, 151 (55.7%) had 50 or less members, 36 (13.3%) had 51-100 members and 84 (31%) had more than 100 voting members. Member-based organisations were also asked whether their members were individuals, organisations, or both. The large majority (82%) had individual members only, while 13.6% had both individual and organisational members, and 4.4% had organisations as members only.

Participants were asked if and how they reinvested their profits/surplus in their mission. The large majority of participating social enterprises (86.6%) reported being not for profit organisations. It is therefore assumed that they reinvest all surplus in their organisation. Of those profit distributing organisations (N=43), 63.2% reported reinvesting all their profits/surplus in the fulfilment of their mission, whilst 10 (23.7%) invested 50% or more and five (13.2%) reinvested 50% or less profits/surplus in their missions. Based on our operational definition outlined in Section 4.0, those that reinvest less than 50% of their profits/surplus in their mission are not viewed as social enterprise. The five that reported in this way were retained in the sample because all other responses were consistent with the definition of social enterprise utilised here. The small number of organisations that responded in this way does not affect overall data trends.

All participating organisations were asked how they reinvested (or would reinvest) profit/surplus in their missions.

Figure 15
Question 23



Most organisations (90.1%) reported that they invested profits/surplus back into growing their enterprise, while a small minority donated to external organisations (14.7%), returned profits back to parent or auspice organisation (10.6%), or distributed surplus to members (5.6%).

5.2.6 Resource inputs and outputs

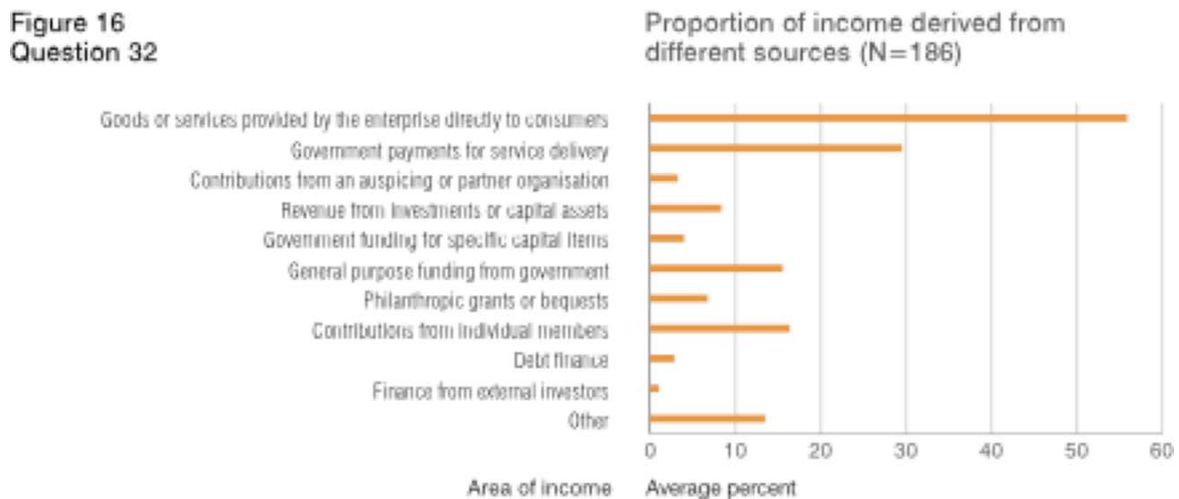
Our data suggest that, collectively, Australian social enterprises are 'multi-resource' businesses (see Gardin 2006), relying on a combination of paid and unpaid workers, and earned income and other income streams to fulfil their missions. Amongst the organisations that participated in our survey, volunteer numbers ranged from zero to 35 000, with a median number of volunteers of 10.

Responding social enterprises estimated that in the 2007-2008 financial year, they had received a

median of 400 hours of unpaid work from their members and volunteers; these contributions ranged from zero to 300 000 hours within our sample. Responding social enterprises also estimated that they had received between zero and 25 000 hours of in-kind contributions from external organisations - for example accounting or legal support, and volunteer time contributed through corporate volunteering programs – in the same period. Paid workers represented the majority of human resources; the mean number of full-time equivalent staff was 47, while the median was four and staff numbers ranged from zero to 4 500.

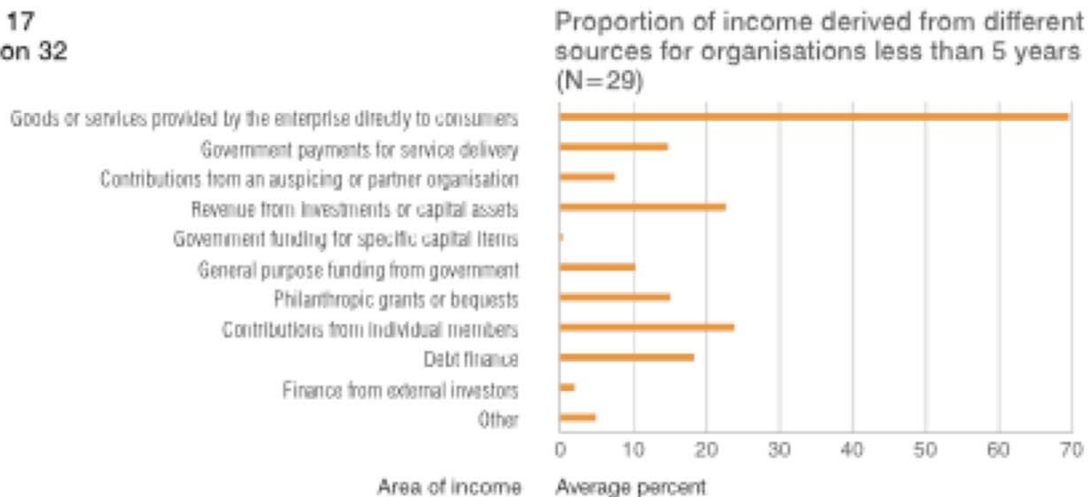
Participating organisations were asked to report on their income and expenditure for the 2007-2008 financial year. One hundred and eighty-six organisations provided these data. Within our sample, reported annual turnover ranged from zero to \$68 million. Total reported turnover within the sample was \$477 193 850.

Figure 16 presents the mean reported income, by type, of responding social enterprises.



As indicated in Figure 16, earned income represents more than 85% of financial inputs. This figure includes income derived from the sale of goods and services directly to consumers (55.9%) and income derived from the sale of goods and services to government through competitively secured contracts (29.5%). We were interested to see whether this breakdown of financial inputs differed for social enterprises under five years old.

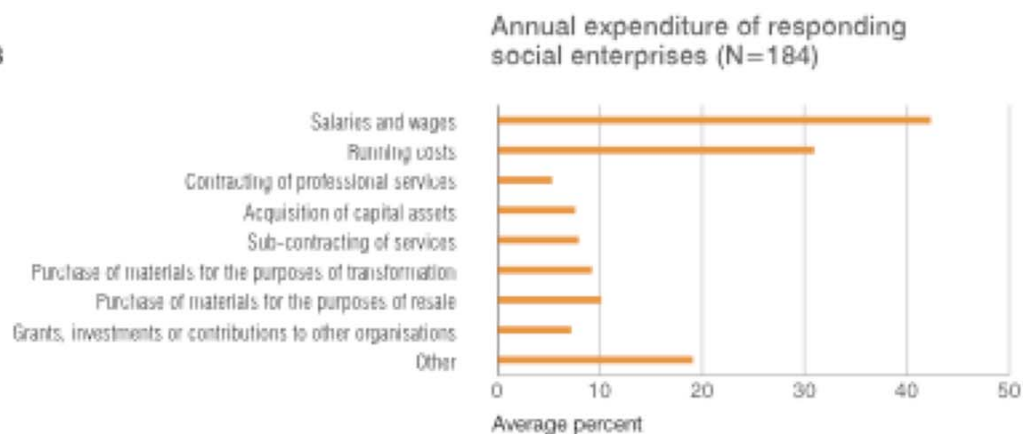
Figure 17
Question 32



As indicated in Figure 17, there is relatively little difference in the proportion of financial inputs derived from earned income for organisations under five years old in our sample, with earned income representing 84.4% of financial inputs for this group. It is notable that participating social enterprises less than five years old are more reliant upon debt finance, philanthropic grants, and contributions from individual members than the whole sample. For responding organisations under two years old, earned income comprised 75% of total income. However, it must be noted that only three out of 46 organisations under two years old within the sample responded to this question, which suggests that this finding is unlikely to be reliable.

Participating organisations were asked to identify their types of expenditure for the 2007-2008 financial year. Within our sample, expenditure ranged from zero to \$45 813 774. Total expenditure for those who responded to this question was \$292 763 331.

Figure 18
Question 33

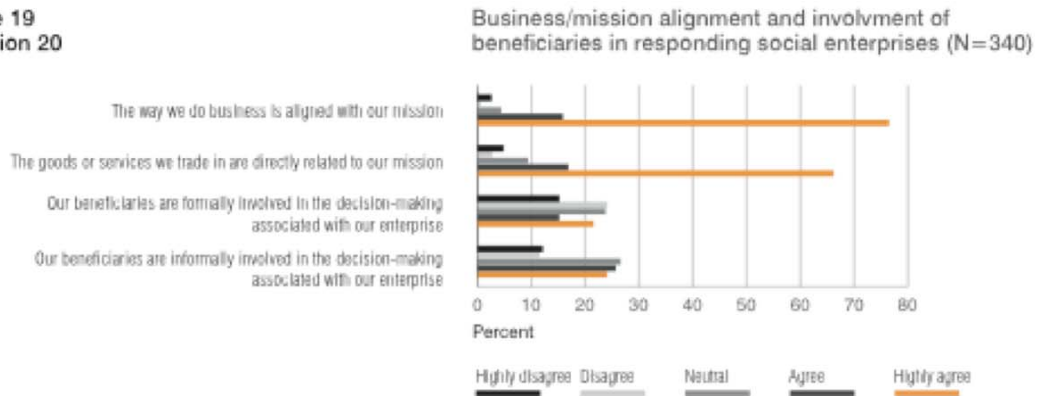


As indicated in Figure 18, salaries (42.4%) and running costs (30.9%) are the dominant sources of expenditure.

5.2.7 Social business management and governance practices

Participating organisations were asked to respond to a series of statements about the alignment between their mission and their business activities, and the extent to which beneficiaries are involved in formal and informal decision making.

Figure 19
Question 20



As indicated in Figure 19, the responses suggest that participating organisations identify strong alignment between their trading activities and their mission. The extent to which beneficiaries are involved in the formal and informal decision making of the enterprise, is, however, reported as being considerably lower and more mixed. Based on this result, we investigated whether member-based organisations reported being more participatory than non-member based organisations. As indicated in Tables One and Two, member-based organisations are considerably more likely than non-member based organisations to agree that their beneficiaries are formally involved in decision-making associated with the social enterprise, and marginally more likely than non-member based organisations to agree that beneficiaries are informally involved in the decision-making. Even amongst member-based organisations, however, less than half (36.8%) of respondents agreed or strongly agreed that beneficiaries are involved in formal decision-making.

Table 1
Question 15

Response to statement: Our beneficiaries are formally involved in the decision-making associated with our enterprise

		Highly disagree	Disagree	Neutral	Agree	Highly agree
Voting members	Yes	11.88	24.14	22.22	16.86	24.90
	No	28.57	23.81	28.57	9.52	9.52

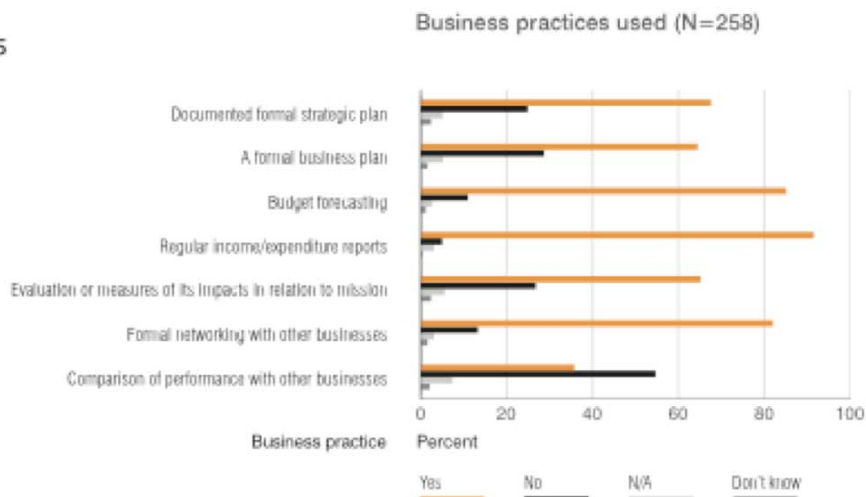
Table 2
Question 15

Response to statement: Our beneficiaries are informally involved in the decision-making associated with our enterprise

		Highly disagree	Disagree	Neutral	Agree	Highly agree
Voting members	Yes	11.72	10.16	25.39	27.73	25.00
	No	12.70	17.46	30.16	17.46	22.22

Participating organisations were asked about what kinds of business planning and performance measurement activities they undertook within the 12 months prior to the survey.

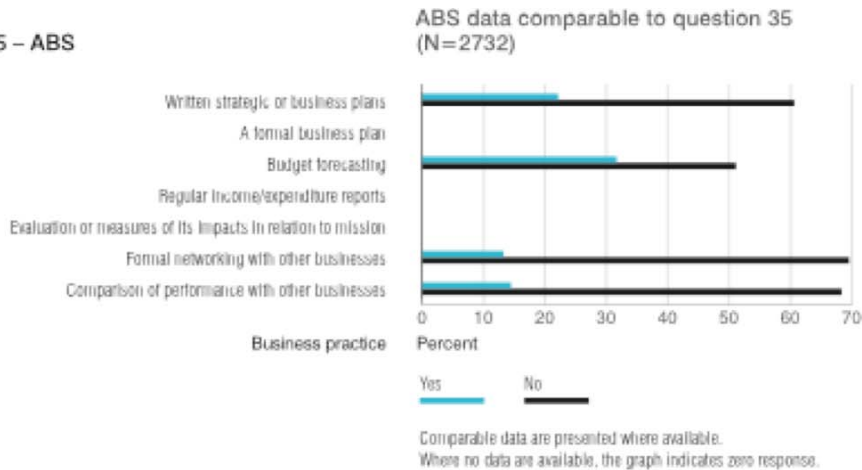
Figure 20
Question 35



As indicated in Figure 20, respondents to this question report using a range of business planning and reporting strategies, and engaging in networking activities with other businesses, but are less likely to actively compare their performance with other businesses. Operational business activities, such as regular income and expenditure reports and budget forecasting are somewhat more regularly used than strategic business planning. It is notable that, while all social enterprises are led by their mission, only 65% of respondents to this question indicated that they had evaluated their impact relative to their mission within the 12 months prior to the survey.

We were interested to know how the reported activities of our responding social enterprises compared with mainstream business practice. Figure 21 below provides comparable results, where available, from the Australian Bureau of Statistics (2009) Longitudinal Business Survey data.

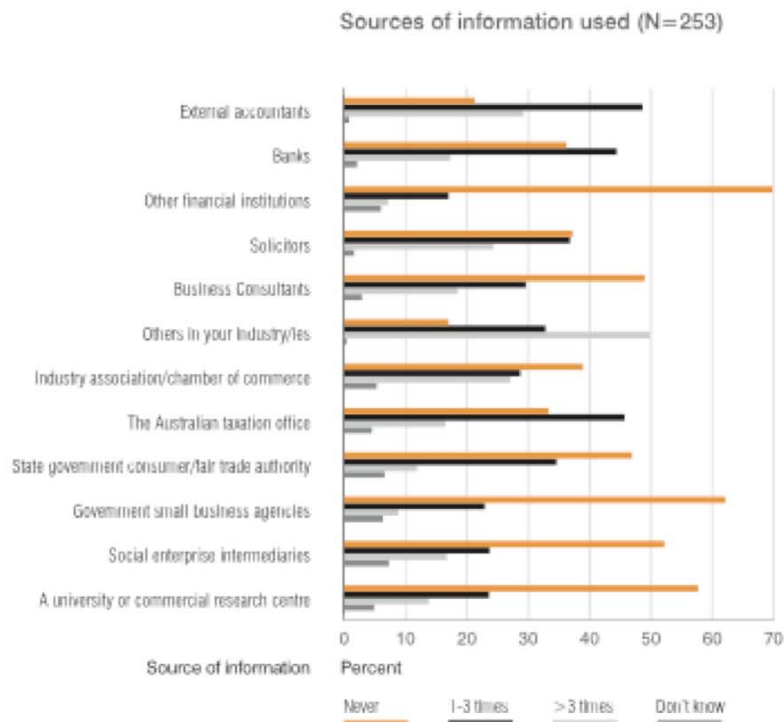
Figure 21
Question 35 – ABS



As indicated in comparing Figures 20 and 21, our sample report relatively greater use of most business planning and performance measurement activities than mainstream business respondents. For example, 85.1% of our respondents compared with 31.7% of ABS respondents report using budget forecasting.

Responding social enterprises were asked how often they used external business support services and business networks within the 12 months prior to the survey.

Figure 22
Question 36

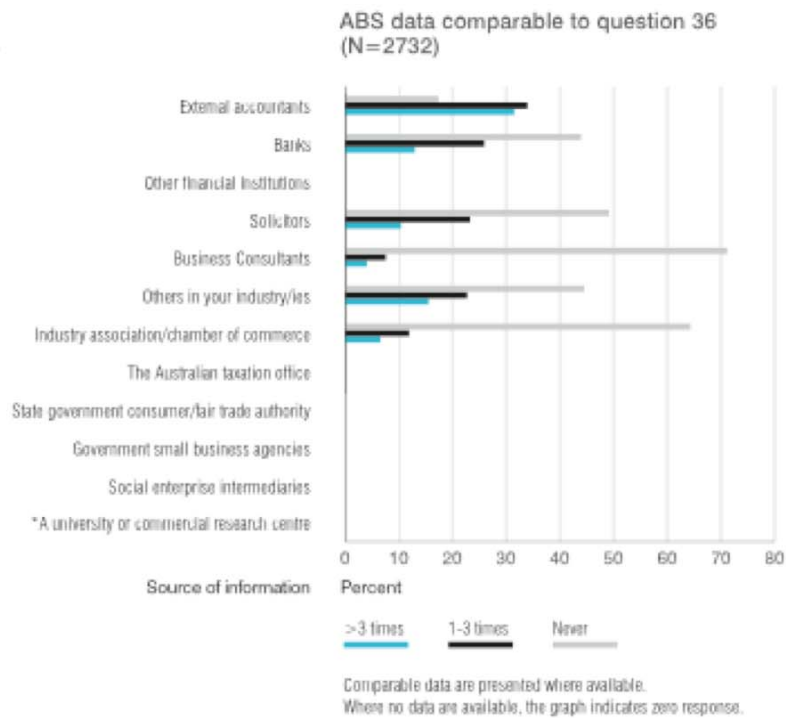


As indicated in Figure 22, a majority of respondents to this question report engaging occasionally or regularly with others in their industry, and somewhat frequently access external accountants, the

Australian Taxation Office and banks. A minority of responding organisations report accessing other financial institutions, government small business agencies, state government consumer affairs authorities, social enterprise intermediaries, and university or commercial research centres.

We were interested to know how the reported use of external services and networks of our responding social enterprises compared with mainstream business practice. Figure 23 below provides comparable results, where available, from the Australian Bureau of Statistics (2009) Longitudinal Business Survey data.

Figure 23
Question 36 – ABS

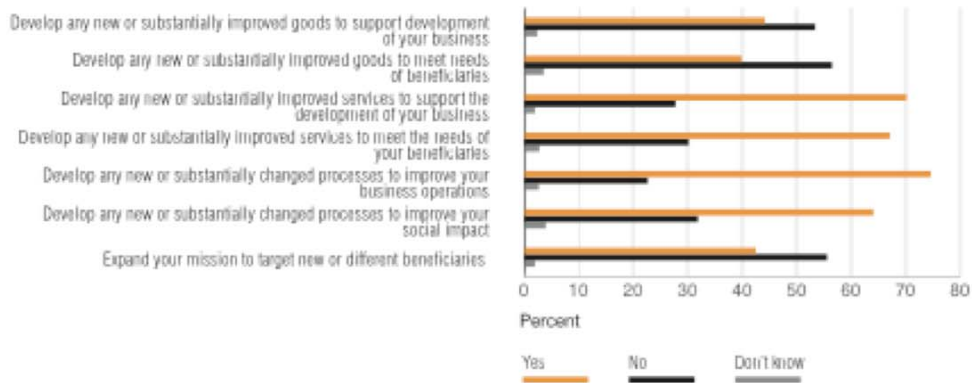


As indicated in comparing Figures 22 and 23, our respondents report relatively higher use of external services, - specifically, legal, accounting and banking services – than the ABS sample of businesses. For example, 61.1% of our respondents reported accessing a solicitor one or more times in the twelve months prior to the survey, compared with 33.71% of the ABS sample.

Participating organisations were asked to identify whether they had engaged in any business or mission related innovations in the twelve months prior to completing the survey.

Figure 24
Question 37

Types of innovation undertaken by responding social enterprises (N=256)



As indicated in Figure 24, participating organisations report a high level of innovation around processes to support business operations, services to support business development, and services to meet the needs of beneficiaries. They report less innovation in developing goods to support their business and goods to meet the needs of their beneficiaries. This is likely to be a reflection of the service-economy focus of participating social enterprises identified in Figure Five. A substantial minority of respondents (42.5%) reported having expanded their mission to target new or different beneficiaries in the twelve months prior to the survey.

6.0 Discussion and conclusions

The findings presented here suggest that the Australian social enterprise sector, as a whole, is diverse, mature and sustainable. Contrary to popular commentary about social enterprise, it is not a new phenomenon; the majority of enterprises that participated in the survey were over 10 years old. Our survey data indicate that Australian social enterprises operate in every industry. While the majority of our respondents operate primarily in local and regional markets, parts of the sector also trade in international markets and are guided by international missions. The primary research conducted in this project was not able to identify all social enterprises in Australia. Our secondary analysis suggests that there are up to 20, 000 individual social enterprises operating in this country, when taking into account that some organisations own multiple social business ventures.

Our findings suggest that many Australian social enterprises are 'multi-resource organisations' (Gardin 2006), whose inputs comprise a mix of earned income, grants and bequests, paid staff and volunteer inputs. With regard to financial inputs, earned income is, however, by far the dominant source, representing 85% of income reported for the 2007-2008 financial year by responding organisations. This proportion is not noticeably lower for social enterprises under five years old within our sample, although younger organisations report a greater reliance on debt equity, contributions from individual members and philanthropic grants than our respondents overall. Government is an important, but not dominant, purchaser of goods and services from those social enterprises that disclosed their financial information within this research, with competitively secured government contracts representing 29.5% of annual income amongst this group.

The survey findings indicate that the primary missions and targeted beneficiaries are extremely diverse. It is notable, however, that the most frequently cited organisational purpose within our survey sample was to provide people with opportunities to participate in their community. Our survey data suggest that the beneficiaries of social enterprise are not typically involved in the formal governance or informal decision-making of the organisation.

Social enterprises that participated in this survey also view themselves as being engaged in social and business innovation. That is, a considerable proportion of respondents report being centrally concerned with generating new responses to social, environmental, cultural and economic problems, and report that, in the twelve months prior to the survey, they developed new approaches to their mission fulfilment, business activities and operational processes. Self-reported performance via a structured survey instrument needs to be treated with some caution; a better understanding of what innovations social enterprises initiate and how they do so requires qualitative research.

Our survey data suggest that social enterprises are active in both strategic and operational business planning and well-networked with organisations that are similar to their own, but less connected to mainstream business development services and business networks. When compared with the mainstream business population, our survey respondents reported being more frequently engaged with strategic and operational business planning, and somewhat more likely to utilise external accounting, financial and legal services. This may reflect the relatively greater regulatory

requirements of our sample of social enterprises, the large majority of which were incorporated as not for profits, than presents in the wider range of legal structures used in the mainstream business sector.

The definition of social enterprise developed as part of this project was useful for the purposes of operationalising the research, and yielded a valid data set from which we have been able to derive meaningful findings. Further testing of the definition with a wider range of respondents would be useful, as the small sample size in some categories when results were disaggregated was not large enough to yield reliable findings. Perhaps more importantly, it is clear that the language of social enterprise does not yet have distinct meaning for many civil society organisations and businesses in this country; more than 150 organisations commenced the survey and were filtered out on the basis that they were either not for profits that did not trade or profit maximising businesses that were not led by public or community benefit. The relative newness of this terminology, and the fact that it does not automatically attach to identifiable organisational forms, creates challenges both for conducting research and creating a self-identifying movement or coalition of social enterprises in this country. While the latter is not the remit of social researchers, we hope that the research reported on here will contribute to ongoing dialogue about the nature and needs of Australian social enterprise.

7.0 Implications for future research

The research reported on here represents a first attempt to document the diversity and scope of social enterprise in Australia. The main contributions of this research include:

- A snapshot of the activities and structures of a diverse range of Australian social enterprises
- A refined definition of social enterprise, for the purposes of operationalising research;
- A robust survey instrument, which has been tested with a diverse sample of organisational respondents; and
- An identifiable population of social enterprises in Australia.

While these provide an important starting point for developing our knowledge of Australian social enterprises, they do not constitute the end of the discussion. Definitions of social enterprise are likely to continue to be debated. This, in turn, affects how and what we identify as part of the population of Australian social enterprises. While a snapshot of a sample of social enterprises tells us much about their diversity and activities, longitudinal research involving a larger sample would tell us more about their performance over time. Finally, while large-scale surveys provide us with insights into activities and organisational structures, they tell us less about the impacts of social enterprises on their beneficiaries or the wider community. Below, we outline the issues raised in the course of the FASES project that warrant consideration in future research.

Identifying the population: Our approach to identifying social enterprises included; systematic web search; accessing (within the limits of privacy) existing networks and databases of social enterprises, in particular industries and identifiable by forms of incorporation; and inviting the public to provide information about known social enterprises. While this yielded a comprehensive sample, this approach clearly favoured those enterprises with an online presence and/or those incorporated under legal forms that are clearly identifiable as social enterprise. It is likely that this approach is biased against the identification of certain types of social enterprise; for example, locally oriented social enterprises operating in remote communities, and social businesses focused on business to business markets. However, as discussed in Section 3.0 more formal identification of the population through regulatory bodies is challenging because of the multiplicity of legal forms social enterprise take. This approach is also considerably constrained by the cost of accessing data held by regulatory bodies and the lack of coordination of data between federal and state-regulated legal forms. If understanding the contributions and practices of the social enterprise sector is of concern to policy makers and social enterprise advocates, a coordinated approach to identifying the population through data that already exist would be desirable.

Survey design and administration: The survey instrument used appeared, on the whole, to be useful, with limited incidence of invalid responses due to the structure of survey items. The length of the survey was clearly a challenge for some respondents, leading to some unevenness in response rates to individual questions. Many respondents opted out of providing detailed financial information, perhaps because of its potential sensitivity. The use of online surveying was a low cost option and made the survey accessible to a wide range of social enterprises. However, evidence from similar

research projects suggests that surveys administered by telephone yield higher response rates and lower survey attrition. It should be noted that telephone surveys are an expensive option, particularly where digital sample frames are not readily available.

Tracking business performance and activities: The research presented here provides a snapshot of the social enterprise sector at a particular moment in time. Understanding developments within the sector – including its growth or contraction, its resource base, its financial performance, its business practices and governance models – requires longitudinal research. The survey data presented here provide baseline information. Our knowledge of the sector would benefit from longitudinal surveying so that we can understand the ‘state of the sector’ over time.

Understanding mission-related impacts: While survey instruments can tell us what social enterprises do, they are not competent to tell us how they do what they do, nor what the outcomes of their work are. It is important to note that surveying is also not a universally culturally competent method for collecting information about diverse forms of community-based social enterprise.

Qualitative research is required to augment our understanding of the diversity of social enterprise operating in Australia, and to illuminate how they operate and what kinds of impacts they have on their beneficiaries and the wider community. Such research will be most useful where it is critically-informed, and develops comparative insights into different forms of social enterprise, and into differences between social enterprise and other types of civil society activity.

Making research useful to participants: The FASES survey required a significant commitment from its respondents in completing a detailed survey. While we hope the research produces value for the social enterprise sector by contributing to an enabling policy environment, it is important that research conducted about social enterprise serves social enterprises at different stages of development in very direct ways. In addition to the research outputs of the FASES project, an online directory is being developed to facilitate connections between social enterprise practitioners, and to stimulate markets for social enterprise. This is but one example of the way in which research evidence can be translated into tools of direct use to social enterprises. It is important that the developmental needs of social enterprise be taken into account when designing and implementing further applied research within this field.

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Appendix 1

Defining and operationalising the idea of social enterprise: a brief discussion paper

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April, 2009

Background and purpose

In 2009, The Australian Centre for Philanthropy and Nonprofit Studies is working with Social Traders to map social enterprise in Australia. The purpose of the *Finding Australia's Social Enterprise Sector (FASES) Project* is to get an understanding of the scope, location and contributions of Australian social enterprise, in order to better support advocacy for the work of these organisations. A concrete output of the project will be an online directory of social enterprises and social businesses across the country. An important first step in measuring the scope of Australian social enterprise is to develop an agreed definition of just what social enterprise is. Later in the year, we will conduct an online survey and invite identified enterprises to participate in this on a voluntary basis.

This paper provides a brief discussion of existing definitional debates and the issues that arise from these. At the end of the paper, you will find a series of specific questions to which we seek your response. However, there may be other issues that you identify as being important in defining the idea of social enterprise. We welcome your response to any aspect of this discussion.

Defining social enterprise: the great debate

Social enterprises may be broadly understood as social (including environmental and cultural) purpose or social benefit organisations that primarily fulfil their mission by trading. Despite the apparent simplicity of this statement, definitions of social enterprise have been broadly debated for over 15 years. These debates run along a number of lines:

Defining activity by social purpose – the idea of social enterprise uses social purpose, rather than sectoral status (eg not for profit, private sector, public sector), as a measure of an organisation's identity. It also positions commercial activity as a vehicle through which social purpose may be fulfilled, rather than as a polar opposite

Talbot, Tregliga and Harrison 2002.

'Social Enterprise is a means by which people come together and use market-based ventures to achieve agreed social ends. It is characterized by creativity, entrepreneurship, and a focus on community rather than individual profit. It is a creative endeavour that results in social, financial, service, educational, employment, or other community benefits.'

to social purpose. Yet, this raises an important question about just how social purpose is defined. In the past, nonprofit distribution (and, some would argue, public sector status) has been used as a proxy measure for social purpose. Some definitions still utilise these measures, identifying limited or non profit distribution as an important characteristic of social enterprise, and distinguishing social enterprise from social businesses that take profit distributing forms. Other definitions suggest that these kinds of proxies are no longer useful, arguing that all non-profit distributing, limited profit distributing and profit distributing businesses that trade primarily for a social purpose are part of the social enterprise organisational field. There has been relatively limited debate- let alone consensus – about just what constitutes social purpose. In Europe, researchers have defined social benefit as ‘for community, identity group, or cause’⁶, yet this remains a rather abstract definition to which many interpretations could be attached.

Defining trade – Social enterprises are defined as trading organisations. Yet trade itself ranges from commercial transactions to alternative currency and non-monetary forms of exchange. Business-led definitions of social enterprise limit notions of trade to commercial transactions. More communitarian definitions include activities such as alternative currency transactions (eg LETS schemes) and non-market exchange, such as sustained trading of surplus through community gardens⁷.

Defining enterprise – While definitions of social enterprise typically attach to trading entities, there is an ongoing conceptual debate about the role of innovation and entrepreneurship in defining social enterprise activity. Some commentators have moved away from the term ‘social enterprise’ toward ‘social innovation’ in order to focus on the processes, rather than organisational forms (enterprises) and individuals (entrepreneurs), through which social purpose is fulfilled.

EMES: Social enterprises can be defined as "organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity."

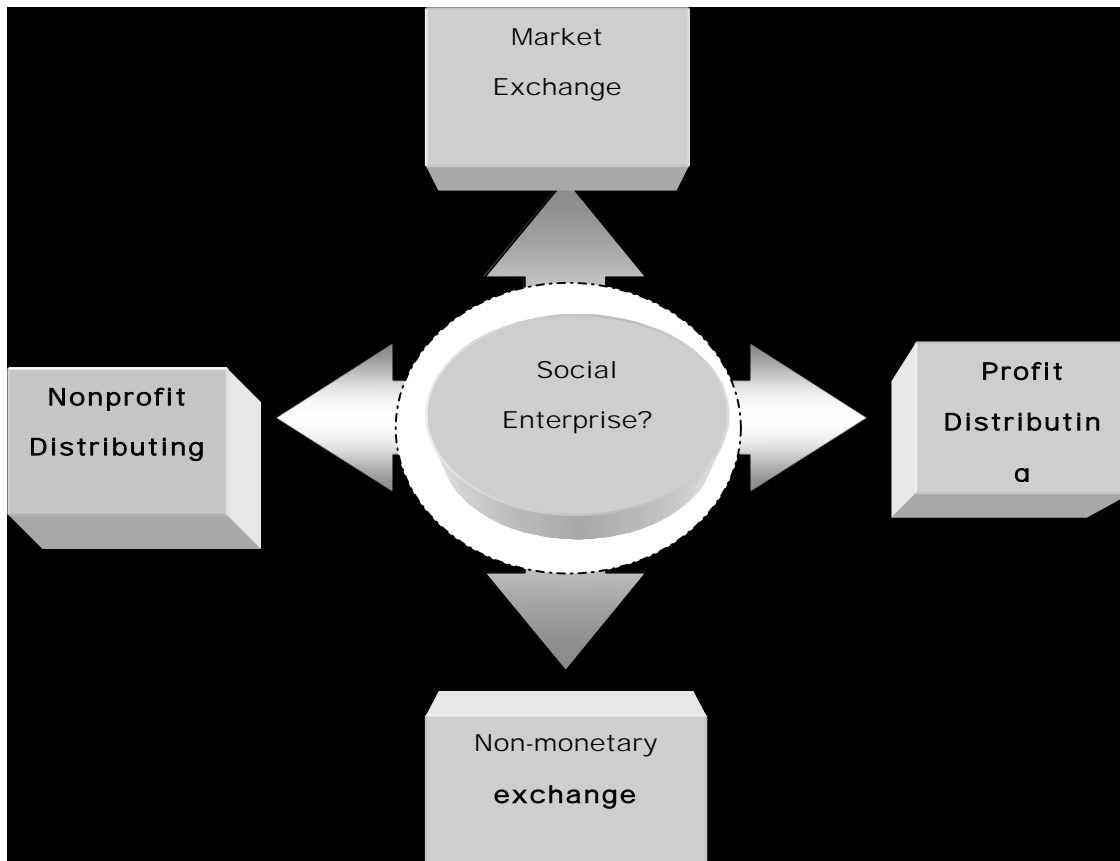
The FASES project focuses specifically on organisations. Yet the idea that innovation and entrepreneurial behaviour has a role to play in defining social enterprise raises important questions about the centrality of trade in our understandings of enterprising social purpose activity. In particular, it raises questions about where to set the limits between social enterprise (where trade is a primary vehicle for mission fulfilment) and enterprising nonprofits (where entrepreneurial strategies are adopted to innovate within an organisation).

6 Defourny, J & Nyssens, M (2006) Defining social enterprise. In Marthe Nyssens (ed.) *Social Enterprise: at the Crossroads of Market, Public Policies and Civil Society*, Routledge, London, 3–26.

7 See Gibson-Graham, JK & Cameron, J (2007) Community enterprises: imagining and enacting alternatives to Capitalism, *Social Alternatives*, 26(1): 20–25.

Figure 1:

Preliminary Conceptualisation of the Social Enterprise Spectrum



Operationalising the concept

In order to map social enterprise using a survey instrument, the idea needs to be operationalised, or made measurable. In other countries where mapping exercises have already taken place, there have been various attempts to operationalise the idea. The UK government, for example, originally used a combination of legal status and proportion of income derived from trade to define social enterprise. A social enterprise was therefore:

- a nonprofit or Community Interest Company (a legal structure specifically devised for social enterprise) that derives at least 25 % of its income from trade.

That definition proved to be too restrictive, and has since been revised and broadened to encompass

- 'businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners'⁸.

⁸ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/background.aspx accessed 10 March 2009.

Not only **companies limited by guarantee**, and **industrial and provident societies** but also companies limited by shares, unincorporated associations, partnerships and sole traders fit this definition. The UK Social Enterprise Coalition (SEC) similarly employs a definition that is broader

Gray, Healy and Crofts. 2003.

'.. activities undertaken in the public interest using entrepreneurial strategies' 142

'.. the idea that business acumen can be applied to community causes to achieve a transfer of economic and social resources to disadvantaged groups and individuals'

than the Department of Trade and Industry (DTI) original. While excluding business activities more consistent with corporate social responsibility and focusing only on organisations where the social or environmental purpose is central, the SEC approach acknowledges that the social purpose of an organisation can be 'embedded in its structure and governance'.⁹

Other attempts to operationalise the concept have relied on self-identification measures; that is, providing a broad definition and then asking organisations surveyed to state whether they are or are not a social enterprise based on this definition. The idea of self-identification has some benefits, as it overcomes the complexities of determining the limits of social enterprise. However, it has also led to notably weak measures, by including businesses that seek the 'social enterprise' label for promotional and regulatory benefit purposes, and excluding legitimate social enterprises that do not identify with this terminology.

Some questions for you

- What, in your view, are the main characteristics of social enterprise?
- 'Trading' ranges from monetary exchange to alternative currency exchange (eg LETS systems) to non-monetary exchange (eg bartering and trading surplus goods). What forms of trading activity should be viewed as constitutive of social enterprise?
- What distinguishes a social business from a commercial business with social benefits? To what extent should for profit business forms be included in our understanding of social enterprise? How do we define an 'end-point' on the spectrum?
- What distinguishes a social enterprise from an enterprising nonprofit? To what extent should nonprofit organisations that have some trading functions (eg merchandising to support campaigns) be included in our understanding of social enterprise? How do we define an 'end-point' on the spectrum?
- Is a member serving organisation always a social purpose organisation? Should all traditional forms of mutual and cooperative trading organisation be considered social enterprise?
- Market forms of governing (eg Job Network and Social Housing policies) result in social purpose organisations holding government contracts. Should these organisations be considered social enterprise, where delivery of government contracted services constitutes their sole form of trading activity?

9 New Economics Foundation / Shorebank Advisory Services (2004) *Unlocking the Potential*, London: The Social Enterprise Coalition, page 8.

Contact us

If you would like to respond to any of these questions, or provide other thoughts about the issues associated with mapping Australia's social enterprise sector, please email the research team at fases@qut.edu.au. If you would like to assist the mapping by providing information about social enterprises you know of, please visit the project website at www.socialeconomy.net.au

Appendix 2

Finding Australia's Social Enterprise Sector: Report on Key Informant Discussions

Introduction

In April-May, 2009, the *Finding Australia's Social Enterprise Sector* team conducted three workshops and two meetings to discuss definitions of social enterprise with key informants. Thirty-four people participated in these discussions. In addition, four submissions on questions of definition were received via the project website. Participants were asked to articulate the core features of social enterprise, and to consider how best to operationalise the concept for the purposes of identifying and surveying the sector. Participants' intuitive understanding of social enterprise was also explored using specific examples that 'tested' articulated definitions.

The following report provides a brief overview of the main issues and debates that emerged from these discussions and how the FASES project will respond to these in terms of its scope and methodology. It was not possible to achieve consensus around a number of important definitional issues. Rather than seeking to reconcile all views here, we have sought to articulate *how* we will respond to each debate, and *why* we have chosen this approach.

Participants

Workshop participants were purposively selected on the basis of their organisational position and/or personal experience in the strategic development of social enterprise. Participants included: known social enterprise sector leaders; practitioners with experience in social enterprise development; representatives from social enterprise intermediary organisations; individuals with experience in and knowledge of Indigenous enterprises; public sector staff with strategic responsibility for supporting social enterprise; and academics with a profile in social enterprise and social economy research. Efforts were made to have representation from those with experience in diverse forms of social enterprise. To this end, participants included those with expertise in cooperatives, intermediate labour market enterprises, social firms, social businesses, employee buyouts, enterprising community initiatives, and emerging forms of social entrepreneurship that are explicitly concerned with social innovation. Efforts were also made to ensure generational diversity, with participants ranging from the 'Silent Generation' through to 'Generation Y'.

Issues

1. Defining Social Enterprise – a narrow or broad approach?

Although the language of social enterprise is relatively new, the practice of social enterprise – particularly through cooperative and mutual forms – has a long history in Australia. We asked participants whether we should focus more narrowly on newer forms of social enterprise that may self-identify with this language, or whether we should adopt a broad working definition of social enterprise - one that includes, for example, all co-operatives, independent schools, RSL clubs and employment and training organisations. Consensus on this point was not achieved.

The Debate

A number of arguments were made for a definition with a narrow focus.

If the definition is too broad it could dilute the meaning of social enterprise and serve no one.

- Building collective identity of the sector may best be served by starting with a tight definition
- It may be politically prudent to take an approach consistent with current policy-driven interests in social enterprise
- Civil society is dynamic: using a narrow definition will actually help shed light on those forms of social enterprise that are anomalous to this definition. In this sense, a narrow definition could actually help identify diversity

Overall, a majority of participants favoured a broad definition. The main arguments put in support of a broad definition were:

- A broad definition helps us identify the full scope and impact of what is a diverse sector. This may be important for policy advocacy
- We must not exclude some organisations on the basis of normative judgements, unless we apply the same standards to all organisations included. Developing an 'ethics' of social enterprise is a long-term task and should not be the object of FASES.
- Casting the net as widely as possible will challenge governments' limited perceptions of social enterprise as being only about a 'social inclusion' agenda.
- Although some enterprises do not fit everyone's preconceptions of social enterprise, it is important not to exclude too early on. The boundaries can be drawn later, provided the data collected are adequately segmented.
- The inclusion of enterprises that have perhaps drifted from their mission could promote dialogue and action that leads to stronger organisations and a stronger sector overall.
- By nature social enterprise challenges boundaries across the sectors and between social, economic, environmental and cultural domains. We are not being true to their character if we set narrow definitional boundaries;

- The sector will potentially benefit if more commercial social enterprises are included. There is internal capacity within the wider social enterprise sector that can be tapped to support emergent enterprises.

How We Will Address the Debate

We will take a broad criterion-based approach to defining social enterprise. The criteria are detailed at the end of this report. We will do so with due regard for the resources available; in addition to the conceptual tensions identified within the workshop discussions, our scope is necessarily constrained by the resources and time available to complete the research.

We will make best use of our resources by:

- Conducting secondary analysis of existing data available on ‘traditional’ and organisationally visible forms of social enterprise;
- Developing a sample list for invitation to participate in the survey which is representative of diverse forms of social enterprise. This is, however, unlikely to be a census of all social enterprises, given the ‘organisational invisibility’ of some forms of social enterprise and the inductive approach we need to take to identify the population.
- Ensuring that our survey instrument is competent to segment information according to ‘broader’ and ‘narrower’ definitions of social enterprise.

Why We Are Taking This Approach

Our analytic object is to capture the full diversity of social enterprise activity. We also want to minimise the ‘observer effect’ that occurs in any nascent field of research; that is, we do not want to unduly influence the outcome of the research by limiting the field from the outset.

2. Trade – roles and definitions

There was consensus amongst participants that trade is an essential activity of social enterprise. There was also consensus that social enterprise must be led by its mission, and that income derived from trade must support mission (that is, that purpose leads profit). There was disagreement about what constitutes legitimate forms of trade for the purposes of defining social enterprise. Some participants wanted to include non-monetary and/or alternative currency trading, while others wanted to include monetary trade only. Issues were also raised about the legitimacy of different types of markets for the purposes of defining trade; some argued that trade must occur in an ‘open market’ rather than a ‘select’ (eg member-based) market. Questions were also raised about whether trading only in quasi-markets – in particular, markets generated by governments as sole purchasers – satisfied the trading criterion when defining social enterprise. Finally, there was a general lack of certainty about what proportion of income derived from trade is indicative of social enterprise activity.

The Debates

With regard to monetary vs non-monetary/alternative currency trade, it was argued that 'trade' may be understood as any organised exchange of goods or services. Under this definition, non-monetary and alternative currency trade could be viewed as constitutive of social enterprise activity, where the activity is led by purpose before profit. Those in favour of excluding non-monetary and alternative currency trading felt that this rendered the definition of social enterprise too broad, which had the potential to reduce its utility as a descriptor of an organisational field.

There was considerable debate around the question of open markets. The main arguments put were:

- Organisations that trade only amongst their members would not qualify as 'trading' in the context of a social enterprise - they need to trade with the greater public.
- But alternative currency systems seek to develop new types of markets; their purpose is not to compete in the open market but to contest it.
- We should exclude co-operatives all together; social enterprises must trade on an open market, but co-operatives exist largely for mutual benefit. Self-help and religious organisations should be excluded for the same reason.
- There are no true open markets. There is always some kind of regulation or public assistance in the form of subsidies, grants, tariff protection, tax relief and so on, and there are limits on competition that limit the openness of any market.
- With regard to whether trading with government as the sole purchaser of services is sufficient to satisfy the trading criterion, it was observed that it would be beneficial to include these organisations as this would allow for international comparisons with countries such as the UK, where social enterprise is significantly defined by organisations that have been contracted to provide social services.

With regard to the issue of what proportion of income should be derived from trade when categorising an organisation as a social enterprise, the following perspectives were put:

- The UK experimented with 25% then shifted to 50%.
- Trade must be the dominant form of income generation.
- It is important to avoid excluding organisations in start-up mode that have not reached the trading minimum.

Finally, there was considerable discussion of the alignment between mission and trading activity. This discussion was stimulated by a particular example posed by the researchers; liquor and gaming sales within sporting and service clubs. Arguments raised in response to this issue included:

- We should exclude such enterprises that trade in socially damaging goods and services, regardless of their mission, as we shouldn't promote this as social enterprise;
- Trading activity needs to be synergistic with the social purpose, to connect to a higher moral purpose.
- But these are legal trading activities for which there is demand. We should not play God: who determines the ethical nature of an income source?

- We should not set ethical boundaries; what is ethical could change over time e.g. recent history on industrial rights, and the environment.
- Ethics cloud the debate; we should focus on social need.
- If an ethical test is to be applied, it needs to be applied to all. Eg the supply chains of many social enterprises may include trade that people view as ethically dubious. It is beyond FASES to test this systematically.
- Re: Indigenous-run enterprises: most of the time Indigenous entrepreneurs do what they do to benefit 'their mob'. We must be conscious of different cultural norms around personal enrichment; family and group obligations may be paramount regardless of the business legal structure, which may not be not-for-profit.

How We Will Address It

We will define trading activity as the organised exchange of goods and services. This will include:

- monetary, non-monetary and alternative currency transactions, where these are sustained activities of an enterprise¹⁰;
- contractual sales to governments, where there has been an open tender process;
- Trade within member-based organisations, where membership is open and voluntary or where membership serves a traditionally marginalised social group.

We will define the level of income derived through trade as constitutive of social enterprise as:

- 50% or more for ventures that are more than five years from start-up
- 25% or more for ventures that are three to five years from start-up
- Demonstrated intention to trade for ventures that are less than two years from start-up

Why We Are Taking This Approach

Social enterprise is a label that covers a broad spectrum of ventures, ranging from those which use the market as a vehicle to fulfil their mission through to those whose mission is, at least in part, to transform the nature of markets themselves. Taking a broad definition of trade allows us to capture this diversity in the FASES sample. The inclusion of sustained trading activity assists us to capture only those ventures where trade is a central organisational activity. The inclusion of sales to government where there are open tender processes (as distinct from government grants to a particular sector) is important in capturing the range of emergent social enterprises that are seeking to respond to intractable forms of disadvantage. To exclude ventures on the basis that government is their primary or sole client would not be consistent with an analytic approach (there are, for example, private sector businesses that have government as their principal or only client, and these would not be intuitively excluded from analyses of the private sector).

We are including mutual and member-based ventures where membership is voluntary and open, because such forms are non-exclusionary. We are including mutual and member-based ventures that

¹⁰ That is, we will not include ephemeral activities, such as one-off fundraising events that involve sale of goods or services, or occasional exchanges of assets

explicitly serve the needs of traditionally marginalised groups, because redressing entrenched marginalisation can be viewed as consistent with producing a public benefit.

3. Innovation

There was relatively little discussion about innovation as a defining characteristic of social enterprise at the workshops, with the exception of the one held in Sydney. Here, there was considerable discussion of innovation, not just in relation to goods and services production, but in relation to organisational practice. A related discussion included the need for social enterprises to embody best practice in organisational transparency and impact measurement. It was agreed within the group that these were aspirational goals, rather than determining characteristics, of social enterprise. On the question of innovation, the main arguments made across the workshops were:

- Not all forms of social enterprise are innovative, and not all social innovations are occurring within social enterprise.
- The profit-distributing forms of social enterprise are perhaps the most socially innovative right now. We constrain what innovation is possible when we focus only on not for personal profit forms
- Innovation is hard to measure

How We Will Address It

Ventures will not be excluded from the sample on the basis of presence or absence of innovation. We will include in the survey some items that ask about responding organisations' about their approaches to innovation.

Why We Are Taking This Approach

Innovation is a fairly subjective concept and it would be difficult to use its presence or absence as a test of which ventures are incorporated into the survey sample. However, asking participating organisations about their practices with regard to social and business innovation could yield some very useful information about practices within the sector.

4. Governance

Social enterprise is inclusive of a wide range of organisational forms and is thus subject to various forms of governance. Internationally, there is varying levels of emphasis placed on stakeholder ownership and participatory governance as a determining characteristic of social enterprise in different regions and in relation to different social enterprise types. Governance was not discussed in great depth at any of the workshops but 'governance and ownership based on participation' was one of the core social enterprise criteria proposed in Sydney. The main arguments put were:

- It is important to encourage participatory approaches to defining social needs and purpose.
- Inclusive governance is part of social engagement.

How We Will Address It

We will include questions about enterprise governance in the survey.

Why We Are Taking This Approach

We suspect that the governance arrangements of Australian social enterprises vary widely. We seek to capture in the survey sample emerging forms of social enterprise that may be using business structures more traditionally used to serve private benefit, as well as older forms of social enterprise that utilise mutual and charitable forms. The researchers' previous experience in third sector research suggests that organisational structure is not always a good indicator of governance practice. Including questions about governance will allow us to examine the relationship between organisational form and governance practice, as well as telling us something about the variety of approaches to governance present in social enterprise activity.

5. Social Purpose or Public Benefit?

The idea that social enterprises are led by a social purpose has become popular, and is particularly used as a defining characteristic of social enterprise in the UK and amongst European Union social economy researchers. Yet, the concept of social purpose is difficult to define and potentially limiting. Given that all forms of enterprise are about engaging in a market populated by other market participants, it is unclear how any enterprising activity could be categorised as not being social. Further, the missions of social enterprise include social, environmental and cultural purposes. The idea of a 'social purpose' is clearly used to denote purpose (or mission) over profit as a defining feature of social enterprise. This implicitly defines 'social' as opposite to 'economic'. Yet, social enterprises can also include economic objectives as their 'social purpose', such as facilitating financial inclusion of individuals or stimulating local economies. The concept of social purpose needs to be more clearly defined if it is to be used as a determining characteristic of social enterprise.

In a research meeting with two prominent social economy academics it was suggested to us that the legally tested notion of 'public benefit' may be more useful than the concept of 'social purpose'. It was suggested that, given there is over 400 years of evolving case law and legislation around 'public benefit', this concept has a utility and transparency that the alternatives lack.

Here are some of the points raised at that discussion.

- Public benefit includes social, cultural and environmental concerns.
- Membership must be open and voluntary (not exclusive) to pass a public benefit test.

The Commonwealth Government's *Inquiry into the Definition of Charities and Related Organisations* (2001, 111-2) at <http://www.cdi.gov.au> provides further guidance. For a purpose to be of public benefit it must (1) be aimed at achieving a universal or common good; by definition, a purpose cannot be beneficial if it is harmful to the public. Benefit is not limited to the delivery of material benefits, but can extend to include social, mental and spiritual benefits, but those benefits must (2) be seen to have

practical utility. It must also (3) benefit the general community or a sufficient section of it (e.g. not just family).

One clear attraction of using public benefit is its legitimacy: we can speculate that its legal pedigree would legitimise social enterprise to government and public alike. We raised the notion of public benefit as a test for social enterprise at each of the workshops, but without a thorough legal explanation participants were reluctant to draw conclusions.

Much discussion at the workshops, as highlighted above, centred on whether social purpose is fatally corrupted by socially detrimental trading e.g. where organisations rely on liquor sales and gaming. Although the consensus seems to be that all mission-led organisations that trade should be considered social enterprises, the discussion did suggest that 'social purpose' is a matter not just of the *intent* of an organisation (as expressed, for example, in its governing documents or other literature) but also the *outcomes* of its activities. The arguments put included:

Social purpose must be at the core of social enterprise.

- The fact that a public benefit test is easy to identify and a social purpose test does not exist should not motivate the use of a public benefit test.
- If not-for-profits were asked to demonstrate a public benefit the majority would struggle with it.
- Membership-based trading organisations do not have a primarily social purpose.
- Re: organisations whose trading activities may contribute to social problems, does enough of their income generated go back to fill their social purpose?
- We need to be wary of for-profits who purport to be social purpose businesses.
- A high moral purpose should be a characteristic of social enterprise as this generates commitment and passion absent in other organisations.
- If membership is exclusive (e.g. very costly to join or limited to non-disadvantaged groups) it is not a public benefit.
- Self-help is not for the public benefit therefore should be excluded.
- Co-operatives and other mutuals should *not* be included - self-help is a different ethos, a different set of notions to social enterprise trading on an open market.
- Self-help builds community and therefore has public benefit regardless of exclusivity of membership

How We Will Address It

We will use 'mission-led' rather than 'social purpose' as our starting point for identifying social enterprise. For the purposes of inviting participation in the survey we will seek mission-led ventures that trade to create a public or community benefit. We will not be excluded on the basis of legal structure.

Why we are taking this approach

There was insufficient will amongst our key informants to adopt public benefit as a test of social enterprise. Conceptualising social enterprises as mission led, rather than social purpose, allows us to

include environmental, cultural, social and economic domains. Legal structure alone is an insufficient indicator of the presence or absence of determining characteristics of social enterprise.

6. Inclusion or Exclusion of Profit Distributing Ventures

There was considerable discussion at each workshop about whether, and under what conditions, profit-distributing forms of social business should be understood as part of the social enterprise sector. There were varying views on this. Overall, however, the significant majority agreed that a determining feature of social enterprise is that the majority of profit/surplus is reinvested in the organisation's mission. More general arguments put forward included:

- Both profit distributing and non-profit distributing structures may be used by social enterprises; the test is whether profits are applied to their (public) mission.
- Our non-profit distributing regulatory forms constrain trade; profit-distributing forms are sometimes opted for to avoid these limitations.
- Profit-distributing forms are vulnerable to 'mission drift', particularly where they are sold or where founders move on
- Some emerging social entrepreneurs are taking up simple forms in order to avoid regulatory burden. We should not exclude these.
- Why is it wrong to distribute profits to disadvantaged individuals or communities?
- Not all social enterprises are in the business of generating profit.

How We Will Address It

As identified above, we will not exclude any legal structure *tout court* from participating in the survey. We will include questions in the survey to test how profit is used and distributed.

Why We Are Taking This Approach

Social enterprise bridges social and economic domains. Anecdotally, it appears that emergent forms of social enterprise are testing old boundaries between sectors as part of a reconfiguration of civil society. Once again, the exploratory nature of this research requires that we stay open to possibilities. We do not wish to exclude legal forms without gaining a clearer picture of relationships between legal forms and actual activities.

7. Other Themes and Significant Discussion

A number of issues were raised that do not fit neatly into the themes above. While all of these cannot be adequately captured in a summary document, the main additional themes were:

- There is a need to bear in mind developments in mapping social enterprise internationally, in order to generate findings that are comparable.
- There are some specific conditions in Australia that affect local definitions of social enterprise. These include our population relative to our land mass and its effects on the social and economic

experiences of rural and remote settlements; the complex history of public policy in Indigenous affairs and its impact on enterprise development within Indigenous communities; our culturally diverse population, which requires that we recognise that some characteristics of social enterprise determined outside Australia may not accommodate our full experience.

- In some cases, social enterprise may be experienced as one step on a continuum of community and business activity. Organisations and ventures are not fixed entities and may evolve into or out of the social enterprise field. This poses challenges for doing a 'snapshot' survey.

Conclusion

Based on the discussions above, and our proposed responses to these, we have concluded that the best approach to defining social enterprise for the purposes of this research is a criterion based approach similar to that adopted by the EMES research group in the European Union. As our starting point, we have drawn the following criteria from the discussions with our key informants. We expect that analysis of our resulting survey data will yield additional criteria and thus a revisitation of the criteria proposed here.

The core criteria that we will use to operationalise the idea of social enterprise are as follows. Social enterprises are organisations that:

- Are led by an economic, social, cultural, or environmental mission consistent with a public benefit¹¹
- Trade to fulfil their mission¹²
- Derive a substantial portion of their income from trade¹³; and
- Reinvest the majority of their profit/surplus in the fulfilment of their mission

As part of the research, we will undertake secondary analysis of existing freely available data to build a picture of the scope, dimensions and industry orientations of the full social enterprise sector

We will ensure that our survey instrument is competent to segment data according to member serving and public serving enterprises; governance structures and processes; enterprise age; and 'traditional' and 'new start' enterprise forms.

11 This may include member benefits where membership is open and voluntary and/or benefits that accrue to a subsection of the public that experiences structural or systemic disadvantage

12 Where trade is defined as the organised exchange of goods and services, including:

- monetary, non-monetary and alternative currency transactions, where these are sustained activities of an enterprise;
- contractual sales to governments, where there has been an open tender process ;
- Trade within member-based organisations, where membership is open and voluntary or where membership serves a traditionally marginalised social group.

13 Operationalised as 50% or more for ventures that are more than five years from start-up, 25% or more for ventures that are three to five years from start-up, and demonstrable intention to trade for ventures that are less than two years from start-up

Finding Australia's Social Enterprise Sector

Please read this before starting

We are seeking one response per social enterprise venture; you may wish to clarify who is completing the survey on behalf of the organisation before you start. We will be asking you some questions that require responses about business activities related to the 2007-2008 financial year. You may want to make sure you have this information to hand before you start the survey. If exact figures are not available, please provide careful estimates. If your organisation was not operating in the 2007-2008 financial year, or if you do not want to report on your financial information, please complete the survey anyway, as there are a number of other aspects of your work we are interested in.

If you leave the survey and wish to complete it later, you can return to it as long as you are on the same computer you started on.

The Australian Centre for Philanthropy and Nonprofit Studies (CPNS) at QUT, working with Social Traders, an independent company that exists to build the capacity of the Australian social enterprise sector, is mapping the social enterprise sector across Australia. Finding Australia's Social Enterprise Sector (FASES) seeks to determine the number of Australian social enterprises, the areas in which they operate, and their social and economic contributions. It will provide the information for an online social enterprise directory, to promote the goods and services of the sector to the public, governments, business, and each other.

As the representative of a known social enterprise, you are invited to complete this online survey. We estimate that the total time required to complete the survey will be approximately thirty minutes. If you complete this survey, you are indicating consent to have your survey responses included in the analysis of the scope of the social enterprise sector. This will involve collating from the survey responses, and will not involve disclosing information about individual organisations.

The last section of the survey will provide you with specific options to consent to any or all of:

- 1) the inclusion in the online directory of limited parts of the information you have provided (organisational name, address, contact details, website, and types of goods and services provided);
- 2) remaining on a database for the purposes of being occasionally contacted to participate in noncommercial research conducted by QUT and/or Social Traders,
- 3) receiving promotional material from Social Traders.

With the data, the CPNS research team and Social Traders will produce:

- A national online directory of social enterprises across Australia;
- A research report on the findings.

The research report will be published online, and will be freely available to you.

All research participants' privacy will be protected within the limits of the law.

If you have any questions about this project, please contact the research team at fases@qut.edu.au or by phone on (07) 3138 1020.

If you have concerns about the ethical conduct of this project, you can contact QUT's Research Ethics Officer on 07 3138 2340 or ethicscontact@qut.edu.au.

Thank you again for your time and participation.

Win \$1500 worth of social enterprise goods and services

All eligible organisations that participate in the research will go into a draw to win \$1500 of goods and/or services from the social enterprise of their choice¹

Help Available

If you have problems completing this survey or require additional information, please contact the research team by email at fases@qut.edu.au or (07) 3138 1268.

1The winning organisation cannot elect to purchase from a social enterprise owned by themselves or their subsidiaries. Goods and services provided must be used for the developmental benefit of the social enterprise and cannot be used for private financial benefit by enterprise owners or members.

SOME PRELIMINARY QUESTIONS ABOUT YOUR SOCIAL ENTERPRISE VENTURE(S)

1. Does your organisation (please select all that apply)

Please check all that apply.

- Produce goods for sale
- Retail or wholesale goods
- Provide services for a fee (including, for example social, cultural, or educational services)
- Provide the use of capital assets for a fee (eg hire of buildings, offices, equipment)
- Provide a mechanism for producers to sell their goods
- Provide a mechanism for members to trade with each other
- Gain business through open tenders for government or other contracts
- None of the above

2. Which of the following statements best describes your organisation's main purpose (please select one only):

Please pick one of the answers below.

- We exist primarily to fulfill a public or community benefit
- We exist primarily to provide benefits to our members
- We exist primarily to support the mission of our nonprofit auspice
- We exist primarily to generate financial benefits for individuals
- None of the above

3. Please select which best describes the social enterprise ventures you are reporting on in this survey (please select one only):

Please pick one of the answers below.

- A single venture (eg stand alone social enterprise, such as a community-owned shop or childcare centre, or a social business operating from a single site)
- Multiple ventures owned by a single organisation operating in a single industry (eg a group of opportunity or fair trade shops, a group of hospitality or landscaping services operating in multiple sites)
- Multiple ventures owned by a single organisation operating in different industries (eg a number of social enterprises providing different types of goods and services in multiple sites)

4. What number of locations was operated by this social enterprise as at June 30, 2008? Please exclude warehouse space and outlets operated by external agents on behalf of the enterprise

Please use the blank space to write your answers.

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5. Please provide your social enterprise's ABN, if you have one (this will assist with cross-checking and authentication of organisational details).

PLEASE NOTE: If your enterprise does not have its own ABN, but operates under the auspice of another organisation, please provide that organisation's ABN. If you are responding on behalf of an organisation that runs multiple social enterprises operating under separate ABNs, please provide the ABN for the organisation.

Please use the blank space to write your answers.

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Thank you for your participation. There is no need for you to continue this survey.

WE ARE INTERESTED TO KNOW A LITTLE ABOUT YOUR ORGANISATION'S STRUCTURE AND ACTIVITIES

6. Which of these best describes your social enterprise? (tick all that apply)

Please check all that apply and/or add your own variant.

- A worker or producer owned business
- A business owned by a charity or nonprofit agency
- A community owned business
- A social business (i.e. a privately owned business driven by a community or public benefit mission)
- A mutual or member-owned business
- An enterprising community activity (eg a LETS system, a community garden that trades surplus)

Other please specify

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7. How long has this enterprise been operating?

Please pick one of the answers below.

- It is not yet fully operational
- Less than 2 years
- 2-5 years
- 6-10 years
- More than 10 years

8. What best describes the organisational structure of your enterprise right now?

Please pick one of the answers below or add your own.

- An unincorporated group of interested individuals and/or organisations
- An incorporated/registered entity that is not yet trading
- A separately incorporated program or subsidiary of a larger organisation
- A fully incorporated/registered trading entity
- A semi-autonomous entity operating under the auspices of a pre-existing organisation

Other

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9. What is your organisation's legal status?

Please pick one of the answers below or add your own.

- Unincorporated association (a group with no formal legal structure)
- Incorporated association (Inc or Incorporated is part of your formal name)
- Company limited by guarantee (Ltd or Limited is part of your formal name)
- Co-operative
- Royal charter or Letters patent (created under Religious, Educational, and Charitable Institutions Act)
- Legislation (own Act of Parliament such as churches, Scouts, etc)
- Partnership
- Publicly listed company
- Sole proprietorship (sole trader)
- Trust (have a Deed of Trust as a constitution)
- Not sure

Other

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10. Does this enterprise operate as a franchisee

PLEASE NOTE: A franchise is a contract between franchisor and a franchisee. The franchisee obtains the right to use a name, trademark, product, service or business system in return for the payment of a fee and/or royalty to the franchisor.

Please pick one of the answers below.

Yes

No

11. Does this enterprise control a franchise system?

Please pick one of the answers below.

Yes

No

12. In what industry/ies does this enterprise operate ?

Please check all that apply.

- Education and training
- Wholesale trade
- Food retailing
- Other retail trade
- Accommodation
- Food and beverage services (eg cafes, catering, pubs, clubs/hospitality)
- Arts and Recreation Services
- Hospitals, medical and other health care services
- Residential care services
- Social assistance services (eg childcare, disability support)
- Transport, postal and warehousing services
- Information, media and telecommunications
- Financial and insurance services
- Rental, hiring and real estate services
- Professional, Scientific and Technical services
- Employment services
- Building cleaning, pest control and other support services
- Other administrative and support services
- Agriculture, forestry and fishing
- Mining
- Manufacturing
- Electricity, gas, water and waste services
- Construction
- Personal and other services (eg civic, professional and other interest group services)

13. What are the main purposes of your enterprise (please select up to three)?

Please check all that apply and/or add your own variant.

- Develop new solutions to social, cultural, economic or environmental problems
- Provide needed goods or services to a specific area
- Provide needed goods or services to a specific group
- Create opportunities for people to participate in their community
- Provide training opportunities for people from a specific area
- Provide training opportunities for people from a specific group
- Create meaningful employment opportunities for people from a specific area
- Create meaningful employment opportunities for people from a specific group
- Address an environmental issue
- Provide a vehicle for members to trade their goods or services with each other
- Provide a vehicle for members to trade their goods or services on the open market
- Advance cultural awareness
- Generate income to reinvest in charitable services or community activities

Other

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14. Who are the targeted beneficiaries of your social enterprise (please select all that apply)?

Please check all that apply and/or add your own variant.

- People with alcohol, drug, or substance use issues
- Aboriginal and Torres Strait Islanders
- A spiritual or religious community
- Young people
- A particular geographic community (eg neighbourhood, suburb or town)
- People with disabilities
- Older people
- Families
- Homeless people
- Migrants, refugees, or asylum seekers
- Lesbian, Gay, Bisexual, Transgender people
- Disadvantaged men
- People with mental illness
- Prisoners and ex-offenders
- Remote or rural community
- Unemployed people
- Disadvantaged women
- Animals
- Environment
- Workers or producers
- A community of professional practice
- Other organisations

Other please specify

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15. Does your organisation have members who are eligible to vote (eg at annual meetings, for boards etc)?

Please pick one of the answers below.

- Yes
- No
- Don't know

16. If yes, how many voting members do you currently have (please provide your best estimate)?

Please pick one of the answers below.

- 50 or less
- 51-100
- More than 100

17. Are members individuals or organisations?

Please pick one of the answers below.

- individuals
- organisations
- both individuals and organisations

18. What best describes the geographic reach of the markets in which your enterprise trades? (select all that apply)

Please check all that apply.

- Local
- Regional
- Statewide
- National
- International

19. What best describes the geographic focus of the social purpose/issues your enterprise aims to address? (select all that apply)

Please check all that apply.

- Local
- Regional
- Statewide
- National
- International

20. To what extent do you disagree or agree with the following statements. 1=highly disagree; 5=highly agree.

Please mark the corresponding circle - only one per line.

	Highly disagree	2	3	4	Highly agree
The way we do business is aligned with our mission.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The goods or services we trade in are directly related to our mission.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our beneficiaries are formally involved in the decision-making associated with our enterprise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our beneficiaries are informally involved in the decision-making associated with our enterprise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. Is your organisation a nonprofit organisation (ie it has a clause in its constitution that prohibits the distribution of profit/surplus to members or owners)

Please pick one of the answers below.

- Yes
- No
- Don't know

22. Please select the statement which best describes what the enterprise does with profit/surplus (or would do with profit/surplus):

Please pick one of the answers below.

- We reinvest all of our profit/surplus in the fulfillment of our mission
- We reinvest 50% or more of our surplus/profit in the fulfillment of our mission
- We reinvest less than 50% of our surplus/profit in the fulfillment of our mission.

23. Please select the statement(s) which best describe how your enterprise reinvests profit/surplus:

Please check all that apply.

- We invest it in improving or growing our enterprise operations
- We return income to our parent or auspicing organisation
- We donate income to external organisations or programs
- We distribute surplus to our members/beneficiaries

WE ARE INTERESTED TO KNOW A LITTLE ABOUT YOUR PAID AND UNPAID WORKERS

24. Please let us know the number of paid workers, including owners and managers, in your enterprise during the last pay period in June 2008 (please provide your best estimate if you do not have exact figures)

Please use the blank space to write your answers.

Full-time

Part-time

Casual

Total full-time equivalent staff

25. In the last pay period of June, approximately what percentage of your enterprise's full time equivalent staff were trainees (eg paid through federal or state government training subsidies)?

Please use the blank space to write your answers.

26. Please let us know the number of volunteers or unpaid workers involved with the enterprise during the last pay period in June 2008 (please provide your best estimate if you do not have exact figures)

Please use the blank space to write your answers.

27. Please estimate the total number of hours of in-kind support received over the 2007-2008 financial year?

Please use the blank space to write your answers.

From external organisations (eg accounting or legal support, volunteer time contributed through corporate volunteering programs)

From the social enterprise's volunteers /unpaid workers (including board members)

28. Please estimate the total financial value of in-kind assets(eg use of premises, vehicles, office equipment) provided over the 2007-2008 financial year:

Please use the blank space to write your answers.

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INCOME, EXPENDITURE AND FUTURE PLANS

We are interested in estimating the economic impact of Australian social enterprises. To do this, we need to ask you some questions about your social enterprise's financial performance. The questions in this section refer to the 2007-2008 financial year, because this is the last year on which the majority of organisations we are surveying will have reported. Please note, this information will only be viewed by the QUT research team and will be reported on in aggregate form only. No financial information about individual organisations will be reported on or passed on to Social Traders or any other party. Any information stored on financial matters will have organisational details removed.

29. Did the social enterprise operate in the 2007-2008 financial year?

Please pick one of the answers below.

- Yes
- No

30. What was your social enterprise's income and expenditure for the 2007/2008 financial year?

PLEASE NOTE: If you are reporting on multiple ventures, please provide these figures as an aggregate report on all ventures

Please use the blank space to write your answers.

Income

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Expenditure (on employment)

.....

31. What was the reported operating profit (surplus) or loss (deficit) before tax and extraordinary items for the 2007/2008 financial year:

NOTE: If you are recording a loss, please denote with a minus sign.

Please use the blank space to write your answers.

\$

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32. In the 2007/2008 financial year, what proportion of income was derived from the following (please include as a percentage, with the total adding to 100%)

Please use the blank space to write your answers.

Income derived from goods or services provided by the enterprise directly to consumers (e.g. sale of products to individuals or organisations)

Government payments for service delivery, where the volume of services is specified and paid in the proportion of services delivered (eg student funding to schools, employment services funding)

Contributions from an auspicing or partner organisation

Revenue from investments or capital assets (eg rent, interest)

Government funding for specific capital items (e.g. to make capital improvements or purchase equipment or buildings, etc)

General purpose funding from government (i.e. which may be provided for a specific purpose, but which is not dependent on the delivery of a specified volume of services)

Philanthropic grants or bequests

Contributions from individual members

Debt finance (e.g. loans from banks, building societies, personal credit)

Finance from external investors

Other

Total

33. In the 2007/2008 financial year, what proportion of your expenditure was spent on the following (please include as a percentage, with the total adding to 100%)

Please use the blank space to write your answers.

Salaries and wages

Running costs (eg rent, lighting, equipment rental, vehicle rental, insurances)

Contracting of professional services (eg legal, accounting, business development advice)

Acquisition of capital assets (eg purchase of property, vehicles, equipment)

Sub-contracting of services

Purchase of materials for the purposes of transformation (eg raw materials used in the development of new products)

Purchase of materials for the purposes of resale (eg processed items purchased to be sold on)

Grants, investments or contributions to other organisations

Other

Total

34. In the next three years, in terms of trading, does your organisation:

Please pick one of the answers below.

- Aim to grow income derived through trade
- Aim to maintain current income levels derived through trade
- Aim to decrease income derived through trade

WE ARE INTERESTED TO KNOW A LITTLE ABOUT YOUR BUSINESS ACTIVITIES AND SOCIAL INNOVATIONS

35. In the past 12 months, has this enterprise used any of the following business practices

Please mark the corresponding circle - only one per line.

	Yes	No	Not applicable	Don't know
Documented formal strategic plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A formal business plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Budget forecasting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regular income/expenditure reports	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Evaluation or measures of its impacts in relation to its mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Formal networking with other businesses (including other social enterprises)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparison of performance with other businesses (including other social enterprises)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

36. In the past 12 months, how often did this enterprise seek information or advice from the sources below?

Please mark the corresponding circle - only one per line.

	Never	1-3 times	more than 3 times	Don't know
External accountants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other financial institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Solicitors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business consultants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others in your industry/ies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industry association/chamber of commerce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Australian Taxation Office	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State government consumer/fair trade authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government small business agencies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social enterprise intermediaries (eg Industry peaks, Social Ventures Australia, Social Traders, Social Firms Australia)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A university or commercial research centre	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

37. In the past 12 months, did your social enterprise:

Please mark the corresponding circle - only one per line.

	Yes	No	Don't know
Develop any new or substantially improved goods to support the development of your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop any new or substantially improved goods to meet the needs of your beneficiaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop any new or substantially improved services to support the development of your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop any new or substantially improved services to meet the needs of your beneficiaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop any new or substantially changed processes to improve your business operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop any new or substantially changed processes to improve your social impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expand your mission to target new or different beneficiaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A FEW DETAILS ABOUT YOU AND THE ORGANISATION

38. In this social enterprise, the position that best describes you is:

Please pick one of the answers below or add your own.

- Business owner
- Chief executive or most senior employee
- Senior employee with direct oversight of the enterprise
- Board/management committee member but not a staff member (non-executive director)
- Chair or president of the board/management committee

Other

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39. Please provide the following contact details for your organisation.

Please use the blank space to write your answers.

Name of Organisation

.....

Head Office Address

.....

Website

.....

Organisation Email

.....

Telephone (including area code)

.....

Fax

.....

PERMISSIONS

40. Do you grant permission to have your organisation's name, email address, website (if applicable), phone number and head office address uploaded to the online directory?

Please pick one of the answers below.

Yes

No

Not sure (Not sure if you are authorised to provide these permissions? Don't worry, we will call to follow this up)

41. Do you grant permission for these contact details to be used to approach your organisation for non-commercial research activities (eg social enterprise research conducted by university researchers or Social Traders) in the future?

Please pick one of the answers below.

Yes

No

42. Do you grant permission for these contact details to be used to receive future information from Social Traders regarding social enterprise activities, resources and events?

Please pick one of the answers below.

Yes

No

43. How did you first find out about this survey?

Please pick one of the answers below or add your own.

I found it on the FASES website

I was told about it at a conference or seminar

A friend or colleague let me know about it

I received an emailed invitation to participate from the researchers

Other (please give details)

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44. Please nominate the person we should contact if we have any queries arising from this survey or to advise if your organisation wins the \$1500 prize (this information will remain confidential and will not be used for any other purpose)

Please use the blank space to write your answers.

Name:

.....

Telephone Number (including area code):

.....

Email address:

.....

CRICOS No. 00213J