

the  
**IMPACT**  
INITIATIVE

**RECOMMENDATION AREA TWO:  
IMPACT MEASUREMENT & MANAGEMENT**

# Investing in Gathering and Sharing Government Data

Recommendation 2.3

**PREPARED BY THE ĀKINA FOUNDATION**  
as part of The Impact Initiative

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## Background

Continue the kaupapa of the Living Standards Framework and Indicators Aotearoa by building the capability of key teams in government agencies, so that they can measure and grow the positive impact of their activities.

Government can enable more informed decision-making and policy-making, as well as better communication of impact to key stakeholders by building the capability of key teams in government agencies, implementing impact indicators, and by collecting and sharing data that shows what's working. There is also an opportunity for government to use social enterprise models to start new self-sustaining organisations that deliver against government priorities.

'It's very hard for us to tell the impact we are having on the ground... I want to know if we're going in the right direction... we don't know that yet. I've been trying to find ways that we can get much more immediate feedback so that we can keep making that progress – know what policies are working and what's not. That has been one of my real frustrations. I want to try to resolve that in this term.'

- Prime Minister Jacinda Ardern

7 December 2020, [interview with stuff.co.nz](https://www.stuff.co.nz/interview-with-jacinda-ardern)

### About The Impact Initiative

This paper was produced for the Social Enterprise Sector Development Programme, publicly known as The Impact Initiative.

The Impact Initiative is a partnership between the Department of Internal Affairs on behalf of the Government and the Akina Foundation, supported by the Community Enterprise Network Trust (CENT).

To find out more about the programme visit [The Impact Initiative website](https://www.theimpactinitiative.org.nz):

[www.theimpactinitiative.org.nz](https://www.theimpactinitiative.org.nz)



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## Recommendation 2.3

Invest in gathering and sharing relevant government data, so that government and social enterprises have greater understanding of how social enterprise is contributing to government goals

Many parts of government recognise the valuable role social enterprise plays in Aotearoa New Zealand but government needs better evidence of the size, breadth and impact of social enterprise to know how to best support this segment of our economy.

### KEY TERMS

- **Outcomes** are the positive or negative changes that happen as the direct result of a programme or an activity, and can occur over the short-term, medium-term or longer-term
- **Impact** refers to the broader social, environmental, cultural or economic change (as determined by the people experiencing the change) that occurs within the community, society, or environment as a result of the programme or activity's outcomes

## What does this mean?

Initial research suggests that social enterprises are making a significant contribution to government goals. Further, more extensive research is needed to provide evidence of the scale and impact of this contribution. In particular, we need evidence of the extent of the contribution of social enterprise to the economy.

There is a need for better evidence. Government is well placed to support the collection and sharing of that evidence through the Social Wellbeing Agency, Statistics NZ and through partnership with organisations like BERL and Ākina, to assess, on a continuous basis, how many organisations are utilising a social enterprise model, what financial contribution those organisations are making to Aotearoa New Zealand, what impact they are having on New Zealand's wellbeing objectives and how this is growing over time.

An increased understanding of social enterprise in Aotearoa New Zealand would assist the Government, and the private and social sectors to make decisions that support these organisations and continue to grow their impact.

## What is the current situation?

The Government does not have sufficient data about social enterprises to make informed decisions that could help maximise the positive social and environmental impact Social Enterprise can have.

“You can’t manage what you can’t measure”

- PETER DRUCKER, MANAGEMENT EDUCATOR AND AUTHOR

The Government collects data on the size and economic activity of companies and charities. Increasingly it collects data on the positive impact of charities, especially through the Social Sector Commissioning activity. In contrast, there is currently no data set that clearly identifies social enterprises within the companies or charities data sets, and no separate mechanism for gathering data on all social enterprises.

Through the programme we have evidence of the impact of a number of social enterprises through work published in The Business of Impact report. This enables us to see how various types of organisations utilise the social enterprise model to achieve positive social, environmental, cultural and economic impact. With support from the Social Wellbeing Agency, we would be able to build on this work to more deeply understand the impact of a number of social enterprises, and how those organisations are contributing to the Government’s wellbeing objectives.

It was not within the scope or resources of this programme to undertake further detailed research about the breadth and depth of the social

enterprise sector, beyond the 2019 BERL report commissioned by DIA. More specialised research is needed to gather data on the following:

- How many organisations identify as a social enterprise
- How many utilise a social enterprise model
- The financial contribution social enterprises make to New Zealand’s economy
- How much investment these organisations attract
- To what extent they engage with government procurement
- How many people they employ, (including people who might otherwise struggle to gain employment)
- The primary areas in which they achieve positive impact
- The collective social value delivered by social enterprises and,
- The collective contribution they are making towards the Government’s wellbeing objectives.

There are potential ways the Government’s existing data collection systems could be leveraged to gather some data about social enterprise and begin to paint a clearer picture. For example, when registering for GETS (NZ Government Procurement Platform), companies can tick a box that identifies them as a social enterprise. This functionality could be strengthened if the tick box was combined with a common reporting framework, as detailed in Recommendation 2.2. This would enable the Government to identify where government spending is having a positive impact through social enterprise.

**Note: further work would need to be done to capture the positive impact of government spend via social enterprises who are part of a supply-chain of a company that the government procures goods or services from.**

## What would the change enable?

A clearer understanding of social enterprise would enable better support for, and utilisation of, social enterprises, which would lead to greater positive impact. For example:

- If government understood more about the size and capability of social enterprises, it could make estimates about how many might be suitable for social procurement certification and how many of those enterprises could provide goods or services to various government agencies. Those agencies could then spend the same amount of money as they would have procuring from another provider, but achieve additional positive impact by procuring from social enterprises.
- If government had a clearer understanding of the number of social enterprises that are achieving government wellbeing objectives, then government could develop policies designed to maximise that opportunity. It would become clearer which government agencies would most benefit from the wellbeing outcomes social enterprises contribute to. Those government agencies would then benefit from seeing their wellbeing objectives achieved, potentially more efficiently and with less government funding required.
- Government currently invests in building the capability of businesses through initiatives like business.govt.nz or the Regional Business Partner Network, alongside other support for Aotearoa New Zealand businesses to succeed overseas. Evidence of the contribution of social enterprise to the economy would help to justify efforts to take the tools and services that are

currently available to businesses, and invest in tailoring them to social enterprises.

- The exercise of gathering better evidence should lead to improvements that simplify government reporting systems; streamlining costs and increasing data visibility. This could include working towards establishing a long-term cross-agency approach to gathering evidence.
- Gathering data on the social enterprise sector would enable social enterprises to be recognised for the contribution they make socially, environmentally, culturally and economically.

## What work has been done already?

Through the course of the programme we have worked closely with many social enterprises to understand what their business models are, how they achieve positive social or environmental impact and what distinguishes them from other businesses or charities. We now have a clearer understanding of how social enterprise models are being utilised in New Zealand.

In 2019, at the start of the Social Enterprise Sector Development Programme (the programme), DIA commissioned work with BERL that attempted to quantify the social enterprise sector. The result was a report<sup>1</sup> that provided a first estimate of how many social enterprises there are in Aotearoa New Zealand and what their economic contribution is. The scope of that work was limited as it was very conservative in its definition of a social enterprise; an estimated 50% of social enterprises

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<sup>1</sup> Berl Making Sense of the Numbers: The Number and Characteristics of Social Enterprises. 2018 [https://www.dia.govt.nz/diawebsite.nsf/Files/Social-Enterprise-report/\\$file/The-number-and-characteristics-of-Social-Enterprises-BERL-Report-November-2018.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Social-Enterprise-report/$file/The-number-and-characteristics-of-Social-Enterprises-BERL-Report-November-2018.pdf)

were not captured by Government databases; and many social enterprises do not self-identify as social enterprises. Despite limitations, the report's initial estimates were that:

- Social enterprises made an estimated economic contribution to GDP of \$850m<sup>2</sup>
- There were around 2,589 social enterprises<sup>3</sup>
- The positive social and environmental outcomes achieved by social enterprises was estimated to be \$2.9 billion<sup>4</sup>

As outlined above, additional research is required to gain a more fulsome understanding of the size, nature and collective impact of social enterprises in New Zealand. It was not within the scope of the programme to undertake research that expanded on the findings of the 2019 BERL report.

## What could be done next?

Drawing on the clearer picture we now have of what constitutes social enterprise, there is an opportunity to leverage the research protocols already developed to undertake a new analysis of social enterprise in New Zealand. Following the recommendations in the *Making Sense of the Numbers* report, further actions could include:

- Work to explore how existing government surveys could add questions that further inform the size and value of the social enterprise sector in New Zealand

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<sup>2</sup> An upper bound to this estimate is about \$1,784m. A lower bound to this estimate is about \$522m. [https://www.dia.govt.nz/diawebsite.nsf/Files/Social-Enterprise-report/\\$file/The-number-and-characteristics-of-Social-Enterprises-BERL-Report-November-2018.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Social-Enterprise-report/$file/The-number-and-characteristics-of-Social-Enterprises-BERL-Report-November-2018.pdf)

<sup>3</sup> BERL's methodology defined the range of social enterprises as between 6,609 and 1,821

<sup>4</sup> This figure is made up of the annual impacts for the main outcome areas for Social Enterprises, being: social \$578.2 million Environmental \$1358.5 million Other \$979.2 million.

- Defining what is meant by social, Māori and community enterprises.

We recommend that the Government then invest in ongoing measurement to track the social, environmental, cultural and economic impact of social enterprise in New Zealand, and the growth of that impact over time. This would involve working with the sector to build capability to better record and communicate social and environmental value which could then be captured, aggregated and disseminated by Government. See Recommendation 2.1<sup>5</sup> for more details on building impact capability. Potential outcome areas that could be tracked would be developed as part of the common indicators and outcome areas in Recommendation 2.2.

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<sup>5</sup> Recommendation 2.1 is detailed alongside the other recommendation white papers at <https://www.theimpactinitiative.org.nz/publications/white-papers>

# the **IMPACT** INITIATIVE

The Impact Initiative (The Social Enterprise Sector Development Programme) was allocated \$5.5m in government funding over three years. It is delivered by Ākina in partnership with the Department of Internal Affairs and with support from the Community Enterprise Network Trust (CENT).

The Programme concludes in March 2021 with the delivery targeted recommendations outlining the next steps for the Government to support the ongoing development of social enterprises, as well as opportunities for the Government to tap into the impact social enterprises create. The recommendations have been developed with government agencies and with consultation from sector representatives.

## **PROGRAMME PRIORITIES**

- Understanding and supporting the conditions for a thriving social enterprise sector in Aotearoa New Zealand
- Making it clear how social enterprise is contributing to government's economic, social and environmental goals
- Working with the Government to articulate what it needs to do to support social enterprises, after the programme.

## **PROGRAMME PARTNERS**



## **Programme activity highlights**

- Uncovering the ways in which social enterprises deliver against the Government's priority areas
- Developing cross agency and public-private working and advisory groups to collaborate on social enterprise
- Uncovering legal barriers for social enterprise and exploring ways to address these
- Testing ways to support and grow social enterprises through place based networks
- Engaging strategically with government to support the development of broader outcomes through social procurement
- Developing and growing of New Zealand's first social procurement marketplace (Fwd) and enabling access for government buyers
- Supporting social enterprises to access capital and get ready for impact investment
- Creating and testing business development tools and resources for social enterprises.