

**RECOMMENDATION AREA FIVE:
LEADERSHIP AND CONNECTION**

Leadership and connection for social enterprise

Recommendation area 5

PREPARED BY THE ĀKINA FOUNDATION
as part of The Impact Initiative

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Background

Social enterprise has a long history in Aotearoa New Zealand and is extremely diverse; Māori, Pacifica, community and more-than-profit enterprise are just some of the common terms used to describe organisations that trade to deliver social, community and environmental impact.

Social enterprises can be found working for the better good across Aotearoa New Zealand's economy in most sectors: waste, tourism, hospitality, manufacturing, construction, transport, and many more.

While this diversity and spread gives the sector significant reach and impact, it has also meant the movement has remained largely unformed as a sector. This perhaps explains why in turn there has been inconsistent support from successive governments over the years. As a result;

1. There is disparity in the amount of funding made available to the social enterprise sector when compared to social service or economic development agencies, and
2. There is no obvious 'home' for social enterprise within the various government ministries.

The Impact Initiative is significant because it represents the Government's acknowledgment of the need and value in supporting the development of the social enterprise sector after an absence of government support for at least thirteen years.¹ Now that this three-year Programme is coming to an end, there is an opportunity for the Government to continue partnering with the sector and ensure a great return on investment from support of the Programme's recommendations.

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 New Zealand Government and the Ākina Foundation, supported by the Community Enterprise Network Trust (CENT).

To find out more about the Programme visit **The Impact Initiative website:**

www.theimpactinitiative.org.nz



¹ See Programme commissioned report *Part of a Larger Whole* for more information on the history and development of the Social Enterprise Sector in Aotearoa New Zealand <https://www.theimpactinitiative.org.nz/publications/part-of-a-larger-whole>

Recommendation 5.2

Commit funding and representation to continue a collective of sector leadership organisations tasked with supporting the Government to implement the recommendations.

There is an opportunity for the Government to support the development of a social enterprise Sector Leadership Group that reflects the diversity of New Zealand’s social enterprise sector, including Māori, Pacifica, community and more-than-profit enterprises.

The Impact Initiative has demonstrated the ability of representatives from each of these branches of social enterprise to work together in support of the Government’s goals through the existing Sector Leadership Group.

For the sector to flourish and make the most of the initiatives outlined in the other recommendations, it is vital to have expert insights and connections from the sector to inform and contribute to policy and strategy development.

Resourcing an enduring collective of social enterprise leadership organisations is an efficient and effective way for the Government to achieve this. This will also ensure government benefits from the sector’s experience, insights and desire to support the Government’s social and environmental goals.

KEY TERMS

- **Social enterprise** - impact-led organisations that trade to deliver positive social, cultural and environmental impact²
- **Impact-led or “more than profit” businesses** - businesses that are led by a social or environmental purpose. This group includes businesses that identify as **social enterprises** as well as other businesses and organisations (like Māori and Pacifica businesses) that may not identify with this term, but are committed to and led by their impact
- **Community enterprises** - businesses that:
 - ◆ are focused on solving a problem within a specific geographical community;
 - ◆ have no private ownership at all; and
 - ◆ are community-led in deciding what their priorities are.
- **Social enterprise intermediaries** - organisations working with social enterprises, community, Māori, and Pacifica enterprise, for-purpose enterprise and impact-led / more-than-profit organisations and businesses to build their capability, whether through growing knowledge, building connections or practical help. It includes those that are ‘place based’ and operating at a regional level, as well as national intermediaries that are more targeted on a particular focus area for social enterprise, for example procurement

² Not all businesses that are considered to be “social enterprises” identify with that term. Some use other terms like community enterprise or impact enterprise. They may identify primarily as a Māori or Pacifica enterprise. They may consider themselves businesses that are led by impact or purpose.

- **Social Enterprise Networks** - groups of intermediaries or social enterprises that collaborate to support impact-led businesses. For example: Community-Led Enterprise Development Network, Disability Support Network³

- **Communities of Practice** - are organised groups of people who have a shared interest in a common theme. They collaborate regularly to share information, improve their skills, and actively work on advancing learning around their focus area, e.g. Zero Waste Network, Community Energy Network, Environment Hubs Aotearoa

³ <https://nzdsn.org.nz/>

What is the current challenge?

Historically, it has been difficult for government to engage with the social enterprise sector collectively and benefit from the sector's experience, insights and desire to support government's social and environmental goals.

Similarly, it has been difficult for the sector to engage collectively with government and gain insights on what it can be doing to best support the social and environmental crises we are facing.

There are four key reasons for this challenge:

1. **Social enterprise is practised by a large variety of organisations, (Māori, Pacifica, community, more-than-profit), across a wide variety of sectors, (waste, retail, manufacturing, hospitality, agriculture).** There are a number of leadership organisations for social enterprises working in specific industries, (e.g. Zero Waste Network,⁴ Community Energy Network),⁵ and there are organisations supporting social enterprise on a geographical basis, (e.g. Thrive Wanganui,⁶ Tauranga Venture Centre,⁷ Social Enterprise Auckland)⁸, and other organisations supporting social enterprise in terms of impact area, (e.g. Ākina, Āmotai,⁹

⁴ <https://zerowaste.co.nz/>

⁵ <https://www.communityenergy.org.nz/>

⁶ <http://thrivenow.org.nz/>

⁷ <https://www.venturecentre.nz/>

⁸ <https://www.socialenterpriseauckland.org.nz/>

⁹ <https://amotai.nz/>

Pacific Business Trust,¹⁰ Te Whare HukaHuka).¹¹ These organisations rely on informal networking between them to greater and lesser degrees, rather than any formal meeting point.

2. **Intentionally, there is no peak body for social enterprise in Aotearoa New Zealand.** That means there is no obvious single source of information for the Government to go to gather insights on what is happening within the sector, or to share information on what Government needs support with from the sector. The Sector Leadership Group has to a large degree filled that role during the Programme.¹²
3. **There is no single, agreed definition of what social enterprise is in Aotearoa New Zealand.** That means the sector has to determine for itself where they believe the boundaries lie between social enterprise and social service agencies, and social enterprise and private enterprise.
4. **Challenges in delivering to cross-agency priorities** Social enterprise delivers to priorities across government agencies, but the separation between the economic (Ministry of Business Innovation and Employment and The Treasury) and wellbeing outcomes of social enterprise (Ministry of Social Development, Ministry of Health, Department of

¹⁰ <https://pacificbusiness.co.nz/>

¹¹ <https://www.twh.co.nz/>

¹² Ākina intends to continue to engage with the Government, but recognises that it does not represent the full diversity of the sector, which is why the partnership with Community Enterprise Network Trust and other members of the Sector Working Group including Pacific Business Trust, Māori Women's Development Inc and Te Whare Huka Huka have been critical during the delivery of the Programme.

Corrections, Ministry for the Environment, Department of Conservation, Social Wellbeing Agency, Department of Internal Affairs) creates barriers in leadership, ownership, prioritisation and progress of programmes of work through relevant government agencies.

What is the opportunity?

Over three years, the Programme has taken a collective impact approach¹³ to ensure that the Impact Initiative represents the sector, and reflects social enterprise intermediaries and practitioner's viewpoints. The core of this approach was the establishment of and consistent engagement with a Sector Leadership Group made up of 8 - 10 individuals each representing organisations that work within various branches of social enterprise, including: Māori enterprise, Pacifica enterprise, community enterprise, youth enterprise, and more-than-profit enterprise.¹⁴

Throughout the Programme, the group met bi-monthly in person or online with three key tasks to:

1. Provide insights and recommendations to the Programme design and delivery team
2. Lead engagement with the sector.

¹³ Collective impact refers to an approach which involves the commitment of a group of actors from different sectors to a common agenda for solving a specific social problem, using a structured form of collaboration.

¹⁴ See <https://www.theimpactinitiative.org.nz/programme-team> for more detail about the members of the Sector Working Group

3. Commission research deemed relevant to the Programme as a whole.

The value of engagement

This approach acknowledges that there is a long history of social enterprise in Aotearoa New Zealand and recognises there is significant expertise existing within the various leadership organisations operating in the sector. Supporting and ensuring ongoing engagement with the Sector Leadership Group provides the Government with an opportunity to access this experience and expertise and build on the momentum already created by the Programme to date.

Engagement with the sector also allows the sector to exhibit leadership and thrive through self-determination, consensus building and a sense of ownership and partnership between the sector and the Government as both seek to address shared issues and contribute to the same purpose.

What work has been done already?

A Sector Leadership Group was established at the start of the Programme. This group has demonstrated the value from having a collective of practitioners working within Māori, Pacifica, community and more-than-profit organisations contributing to the greater good of the sector. Over the three years of this Programme the group has worked together to:

1. Contribute to the design and delivery of the Programme meeting regularly with the workstream and Programme leads to provide insights and feedback on proposed actions.
2. Engage with the sector through numerous informal conversations within existing networks and hosting over 30 face to face workshops with social enterprise practitioners, aspiring entrepreneurs, and support organisations / stakeholders prior to Covid-19 lockdowns commencing March 2020.
3. Commission research to provide background context and meaning relevant to the outcomes sought from the Programme.¹⁵
4. Meet with Government officials and Ministers to discuss issues directly related to the sector and potential solutions.



How would the Sector Leadership Group work?

Key social enterprise stakeholder organisations would be invited to have a representative join the group. The ideal group size would be 12 - 15 people including a facilitator. To reflect the diversity of the sector organisations / individuals would be sought from the following types of impact / social enterprise and other stakeholders:

Māori Enterprise	Pacifica Enterprise	Community Enterprise
Not-for-Profit Enterprise	More-than-Profit Enterprise	Intermediary support agencies / networks
Impact investors	Social procurement specialists	Impact measurement specialists
Philanthropy	Local government	Central government

The group would aim to convene monthly online, and twice per year in person in Wellington. Meetings would be for 2 - 3hrs online and 4 - 6hrs in person.

Terms of reference for the group would confirm that its primary purpose is to:

1. Support the Government with the implementation of The Impact Initiative's recommendations
2. Provide the Government with insights as required from the sector and vice versa
3. Contribute to enabling the continued development of a positive, flourishing and effective social enterprise sector.

What could be done next?

To deliver this recommendation, two key actions are required from the Government.

1. **Government commits to contributing funding to a Sector Leadership Group.**

This is needed to allow the group to:

- Cover the costs of organisations to be involved that wouldn't be able to afford it otherwise. The viewpoint and involvement of practitioners is vital, but given that many of their organisations operate on low profit margins, we do not want cost of participation to be a barrier to accessing their expertise and experience¹⁶
- Have a discretionary budget available to commission future research or host events as needed
- Appoint a project manager to facilitate meetings and advance actions.

¹⁶ For example, see recommendation 3.3 for more detail about social enterprise intermediaries and current levels of funding. Recommendation 3.3 is detailed alongside the other recommendation white papers at <https://www.theimpactinitiative.org.nz/publications/white-papers>

2. Government commits to participate in a Sector Leadership Group.

Government participation could be in the form of:

- Providing a secretariat to assist in the facilitation of the group, and / or
- Having one or two officials join the group as members to provide a government perspective (similar to the Cross-Agency Advisory Group), and / or
- Have the appropriate Minister attend meetings on occasion to share perspectives and information.

3. Give social enterprise a home within government by delegating a government agency with responsibility for social enterprise.

In order to take the above two actions, the Government will need to identify which agency should take responsibility for supporting the development of social enterprise within Aotearoa New Zealand. Given the nature of the other recommendations emerging from the Programme, and the fact that ‘doing business’ is core to social enterprise, there is broad support from the Government that MBIE is the most appropriate agency.¹⁷

As the next step, the Sector Leadership Group will be able to develop a budget and work plan that matches the funding and support able to be committed by the Government to further this recommendation.

¹⁷The programme recognises that there is likely to be, and supports, significant ongoing social enterprise activity in partnership with other government agencies such as the Ministry of Social Development, Ministry for the Environment, Department of Internal Affairs and others.

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



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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 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.