the
IMPACT
INITIATIVE

Part of a Larger Whole

30 Years of Social Enterprise Development in Aotearoa New Zealand

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The Social Enterprise Sector Development Programme is a partnership between the Department of Internal Affairs on behalf of the New Zealand Government and the Ākina Foundation.

They are supported in partnership with the Community Enterprise Network Trust (CENT). Find out more about the programme by visiting The Impact Initiative website:

www.theimpactinitiative.org.nz

Ka pu te ruha,
ka hao te rangatahi.

When the worn out net lies heaped up,
the new net goes fishing.[1]

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[1] "One of the names for young people, *rangatahi*, also means a new net."
'Ngā tamariki – Māori childhoods'- Rawinia Higgins and Paul Meredith, *Te Ara*, 5 May 2011.
https://teara.govt.nz/en/nga-tamariki-maori-childhoods/print

Executive **Summary**

This report is called 'Part of a Larger Whole'. It argues that Social Enterprise is just that, an important part of a movement that is working to address some of our most challenging social, environmental, cultural, and economic problems.

Social Enterprise is one tool in the wider Social Innovation toolbox. Social Entrepreneurs around the world employ many approaches to create positive change including; political activism, social marketing, co-design, volunteering, micro-finance, government intrapreneurship, community led development, asset based community development, placemaking, community enterprise, crowdfunding, collective impact, communities of practice, and field catalysing, just to name a few.

Recently the New Zealand Government announced $5.5m of investment in the Social Enterprise sector. The Ākina Foundation, with support from the Community Enterprise Network Trust (CENT), have been contracted by the Department of Internal Affairs (DIA), on behalf of the New Zealand Government, to co-design and deliver a social enterprise sector development programme. The programme is known publicly as *The Impact Initiative*.

This financial commitment represents an important step in developing the sector and helping to realise the potential that Social Enterprise has to positively contribute to the lives of many New Zealanders. This decision signals a reengagement by the New Zealand Government with Social Enterprise development after a 13 year absence.

While clearly a positive step forward for the Social Enterprise sector, this success potentially puts the sector in an awkward position. As the only part of the larger Social Innovation ecosystem currently receiving any substantial Government funding, people are likely to look to the Social Enterprise sector for for leadership, and to help support a wide range of projects that do not currently have - and in many cases are unlikely to ever have - a viable Social Enterprise business model in the current economy.

This report seeks to provide a longer and more complex narrative of Social Enterprise development in New Zealand than has been available to date. It does so with the intention of promoting dialogue both within the Social Enterprise sector, and between the sector and its allies, partners, and neighbours. In particular the story of the Community Employment Group (CEG) is outlined and discussed. The history of this agency contains useful insights for the Social Enterprise sector, for their Government partner, for other supporting organisations, and for the Social Enterprises and communities that they are collectively hoping to empower.

The report also explores several important critiques of Social Enterprise and Social Entrepreneurship that have recently been published in the international literature. These critiques focus on the influence of neoliberal ideology and the values of the private sector on the culture and practice of Social Enterprise and Social Entrepreneurship. This report argues that these critiques need to be understood and responded to if the Social Enterprise development sector is to remain credible, both internationally and in Aotearoa New Zealand.

As well as exploring these ideological concerns in some detail, this report also argues that the growing economic divide within New Zealand society needs to be acknowledged and used to inform future decision making about the role of the Social Enterprise sector in addressing the issue of poverty and economic exclusion. Of particular relevance to the task of Social Enterprise sector development is the question of the widening income gap between middle class and working class New Zealanders, and how this issue manifests in the Social Enterprise sector itself.

This report concludes with two provocations that may be useful for the Social Enterprise sector to consider responding to directly. The first provocation is that the sector more clearly differentiate between Social Enterprise and other Social Innovation strategies, especially Community Enterprise and Community Development. In particular the Social Enterprise continuum model is questioned and an alternative 'Three Sector' model offered by way of comparison.

The second provocation is that the Social Enterprise sector consider supporting the development of a stand alone Community Enterprise and Community Development agency. This new agency would compliment the work being done by traditional Economic Development intermediaries - such as New Zealand Trade and Enterprise and Callaghan Innovation - and new Social Enterprise development agencies such as Ākina. Taken as a whole these agencies would provide a comprehensive suite of cross-sector intermediation, and clear pathways of support for all kinds of kiwi entrepreneurs to create the positive change that is so needed in the many and diverse communities of Aotearoa New Zealand.

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Introduction
The New Net Goes Fishing

The Māori whakataukī, or traditional proverb, at the beginning of this report speaks to the timeless tension between old tools and new tools - the new net goes fishing while the old one is cast aside. This tension is a useful way to introduce the challenging task of reflecting on 30 years of Social Enterprise development in New Zealand. This process has been, and will continue to be, and intergenerational endeavour. The next generation always has new ways of doing things, but clearly the wisdom of the whakataukī cuts both ways: the new net has to actually work better, or it too will be cast aside and replaced by what comes next.

In the early 2000's a range of new ideas and associated practices found their way to our shores. These concepts were enthusiastically picked up by a new generation of community activists, local business leaders, government agencies, and philanthropists. They had names like Social Entrepreneurship, Social Innovation, and Social Enterprise. Several decades on and it is safe to say that 'the new net has gone fishing', however the question many people are asking is "are we catching any more fish?" Or perhaps more to the point "who is catching the few fish that are still available?"

The Community Sector in New Zealand relies heavily on Government grants and Government contracts to do the important work it does in community. While the philanthropic sector makes an important contribution, it simply does not have the scale of the private foundations operating in many other developed nations. The question of 'who, what, and how' Government will fund tends to dominate the internal politics of the Community Sector. Successive New Zealand Governments have tended to focus on policy development, pilot programmes, and competitive procurement practices, rather than on sector development and fostering a culture of cooperation. [2]

For anyone who is - or has been - an advocate of Social Enterprise, this is a useful time to take stock. Recently the New Zealand Government signed a $5million, three year funding agreement to support Social Enterprise sector development. The Ākina Foundation have been contracted by the Department of Internal Affairs (DIA), on behalf of the New Zealand Government, to co-design and deliver the programme with government, known publicly as *The Impact Initiative*. The Community Enterprise Network Trust (CENT) is partnering with Ākina on the design and delivery of *The Impact Initiative*. This funding agreement represents a major success for the sector, after many years of trying to self organise, and following a 13 year absence of Government engagement with the Social Enterprise sector.

Another reason that this is a good time to take stock is the appearance of several recent critiques of Social Enterprise in the *Stanford Social Innovation Review.* These articles suggest that the rise of Social Enterprise and Social Entrepreneurship may have come at a cost, namely the narrowing

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[2] 'Effective community-level change: What makes community-level initiatives effective and how can central government best support them?' - Jude Ball and Louise Thornley, Ministry of Social Development and Superu, Superu website. December 2015.
http://www.superu.govt.nz/effective_community_level_change_report

of the concept of Social Innovation, and an over hyping of those individuals who want to be founders of a Social Enterprise. The consequence of this narrowing is the absence of support for people (and projects) that don't fit this mould, which tends to include projects that take a more radical 'systems intervention' approach such as community led development and political activism.[3]

According to these critiques a more critical, reflective, and self aware approach will be needed if the next stage of Social Enterprise sector development is going to avoid alienating the people that are most likely to support it. Namely other Social Entrepreneurs who are using other complementary approaches to Social Innovation, and the people who most need the support that Social Enterprises can provide; those communities whom the conventional for-profit market has failed to serve.

The central message of this report is that now that Social Enterprise is becoming an established practice, it will be necessary for the Social Enterprise sector in New Zealand to develop a more sophisticated approach to growing the sector than simply being cheerleaders and champions for an exciting new idea. The sector has to mature and embrace social complexity if it wants to be taken seriously. Responding to this challenge will require a critical and reflective practice, and a robust dialogue with the sector, alongside the exciting work of supporting Social Enterprises and 'getting the work done'.

This report is in written in two parts. The first part focuses on creating a longer and more complex narrative that better describes the historical, ideological, and economic contexts which the Social Enterprise development sector has developed, and now operates within. The second part of the report makes several provocations that are intended to move the sector forward and to help catalyse a deeper conversation about the future of the wider Social Innovation movement in New Zealand.

The primary goal of this report is to invite a more mature version of Social Enterprise to emerge in this country. The time has come to consciously transition the approach being taken to Social Enterprise development in New Zealand. This report does not provide any answers, but hopefully some useful questions and provocations. The way forward is unclear. New knowledge will need to be generated. The least we can do is look to the past for guidance, and start a robust conversation about the future. For the present, we are in good hands. Ākina and CENT are ideally placed to lead this work.

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[3] 'Social Enterprise Is Not Social Change' - Marshall Ganz, Tamara Kay, and Jason Spicer, *Stanford Social Innovation Review*, Spring 2018.

Context 1. **History**

Aotearoa New Zealand has a rich history of social change, fit to inspire any would be change-maker. A comprehensive survey of the history of social change in this land is beyond the scope of this report, however this section attempts to touch on a few salient points. To understand the task of Social Enterprise sector development it is important to have a historical context to draw on. If we can learn from the past, and better understand the present situation, then we can move into the future together with some of the benefit of hindsight.

So much of the character of New Zealand public life has been shaped, and continues to be shaped by the Māori culture and the indigenous wisdom this culture manifests. The story of Māori cultural innovation and indigenous entrepreneurship is also beyond the scope of this report and beyond the ability of the author to tell. However they need to be part of the education of every young person with an interest in creating positive social change in this country.

Within the settler cultural legacy there is also a rich history of social change and cultural innovation. New Zealand recently celebrated 125 years since New Zealand women won the right to vote. On 19 September 1893, New Zealand became the first self-governing country in the world to grant the right to vote to all adult women. At the time this was a truly radical change and served as an example for other democracies to emulate of following decades.

More work is needed by both Māori, Pākehā and Tauiwi scholars to develop a more holistic approach to social wellbeing and a more inclusive and resilient economy.

A Short History of Social Enterprise in New Zealand

When thinking about the recent history of Social Enterprise development in New Zealand this report proposes a simple three part model. The model describes three distinct phases of sector development, each containing clues about the challenges we face moving forward today. Read together they suggest that sector development happens over a longer arc than we might imagine. Here is a short description of each phase and a chronology of some of the major milestones.

Phase 1: Government Leadership - and Withdrawal

The first phase is really about the relationship between a Government funded employment agency and the first 'wave' of thinking about Social Entrepreneurship in New Zealand. It is also about the fourth Labour Government adopting this thinking as part of its 'Social Development' policy agenda, and then abandoning the initiative when the project came under pressure from the National opposition and the media.[4]

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[4] 'The Great Hip Hop Scandal' - Graeme Whimp
, *The Journal of New Zealand Studies*, January 2008.

https://ojs.victoria.ac.nz/jnzs/article/view/136

1989   Community Employment Development Unit (CEDU) established by Annette King as Minister for Employment

1989   CEDU renamed Community Employment Group (CEG) and Parekura Horomia appointed as CEO

1995   CEG survives Government stocktake of $170m of enterprise assistance Schemes

2000   CEG moves from WINZ to Dept of Labour with annual budget of @ $20m to support community enterprise

2001   CEG announces the establishment of a $750,000 Social Entrepreneur Fund

2001   CEG announces $8.5 million to support Social Enterprise initiatives

2003   Social Entrepreneur Fund frozen by Minister of Social Development

2004   Media story breaks about $26,100 of funding for 'world hip-hop tour'

2005   CEG formally disestablished

Phase 2: Philanthropic, Community, and Iwi Leadership

Following the exit of Government from Social Enterprise and Social Entrepreneurship development, the baton was picked up by private philanthropy with leadership from the Tindall Foundation, and by the community sector with leadership from Community Waitakere. This phase seems to also coincide with the rise of Māori business as a concept.[5] For the next decade, what had been a relatively collaborative and bicultural sector, seems to fragment into Community Enterprise (self funded and suported by Local Government contracts), Social Enterprise (self funded and philanthropically funded), and Māori Business (self funded and supported by Iwi, or Māori Trusts, and Te Puni Kōriri).

2006   New Zealand Social Entrepreneur Fellowship formed

2008   Community Enterprise Network Trust formed

2008   Inspiring Communities Hub Formed

2008   Hikurangi Foundation formed

2010   First Community Economic Development (CED) Conference

2011   Second Community Economic Development (CED) Conference

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[5] 'Face-to-face at the Maori Business Conference' - Tenby Powell, *Stuff website,* 18 September 2012.
http://www.stuff.co.nz/business/small-business/7694905/Face-to-face-at-the-Maori-Business-Conference

2012 *Te Hekenga* - First National Māori Business Networks and Māori Enterprises Conference

2014 Ākina (previously Hikurangi) Foundation formed

2014 National Government 'Position Statement on Social Enterprise'

2017 Social Enterprise World Forum hosted in Ōtautahi / Christchurch

Phase 3: Government Reengagement

After a decade of grassroots community leadership, private philanthropic leadership, and to some extent local government leadership, central Government has stepped back into the Social Enterprise development space, with funding agreements first from National and now Labour-led Governments. This next phase is just starting and the question is, how will it unfold from here?

2017 National Government announces $1.85m to support Social Enterprise

2017 Labour Government announces $5m to grow Social Enterprise

2018 Ākina / Community Enterprise Network Trust (CENT) partnership formed

Together these three phases provide an simple schema that provides one way to understand the development of the Social Enterprise sector in New Zealand. For people who were involved in Phase 1 of this story, Phase 2 would look very different. For people who are currently involved in Phase 3 of this story and perhaps have some first hand experience of Phase 2, Phase 1 may come as a complete surprise.

The Community Employment Group (CEG)

By the end of its second term in office the third Labour Government was actively looking for ways to address the high levels of unemployment resulting from it's programme of economic reform. Annette King was the Minister of Employment at that time and was instrumental in setting up the Community Employment Development Unit (CEDU) to provide innovative ideas for "grass roots, community economic development and job creation." In 1989 CEDU's name was changed to the Community Employment Group (CEG), and Parekura Horomia was appointed as the first CEO.[6]

CEG survived the change of Government in 1990, and the ongoing restructuring of the public service that followed. Nine years later, and after another change of Government - Parekura Horomia, who was now Associate Employment Minister, moved CEG from WINZ back to the Department of Labour because of concerns that the group might be disestablished.
In 2001 CEG found a new champion in the form of Steve Maharey, the Minister of Social Development in the Labour government. The goal of Social Development, to quote Prime Minister

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[6] *Parekura Horomia: 'Kia Ora Chief'* - Wira Gardiner, Huia Publishers, 2014

Helen Clark, is to "reconcile social justice with an energetic and competitive economy".[7] For Steve Maharey, CEG - and the work of the Social Entrepreneurs it had recently started to support - fitted the Social Development ethos well:

> *"The government does not have one panacea to 'fix' things. It is the champions, the guiding lights in our communities who can think of bright ideas and inspire others to find solutions to health, education, social and employment problems. It is time to support these people and develop their potential so that the government moves from hand outs towards a hand up by investing in people who can make a real difference."* [8]

Judging by his 2001 speech to the first Social Entrepreneurship conference in Wellington, Steve Maharey had a good understanding of the challenges facing leaders in the community sector and the kind of support they need. Many of these issues are still being grappled with today. This speech is included in the 'Further Reading' section of this report. [9]

What CEG Was

By 2002 CEG had an annual operating budget of $22.2 million, $19 million of which was available as direct funding to support community enterprise. To manage this process, CEG employed 70 local fieldworkers throughout New Zealand. That year they supported more than 3000 community organisations, and directly funded more than 1300 of these to create employment and support community enterprise opportunities in their regions. According to Charlie Moore, General Manager of CEG in 2002:

> *"CEG works with communities and groups on the margins, our support is not just about funding. Although we have a budget of $22.2million to support community enterprise every year, we also provide specialist advice and project support to groups via fieldworkers who use their expertise and networks to help communities and community groups take an idea and make it grow."* [10]

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[7] 'Prime Minister's Address to the London School of Economics' - Helen Clark, *Speech*, 21 February 2002.https://www.beehive.govt.nz/speech/prime-ministers-address-london-school-economics

[8] 'Hand Up Not Hands Out' - Steve Maharey, *Press release*, 16 June 2003. https://www.beehive.govt.nz/release/hand-not-hand-outs

[9] *Enabling Social Entrepreneurs* - Steve Maharey, *Speech*, November 2001
https://www.beehive.govt.nz/speech/enabling-social-entrepreneurs-%C2%A1v-partnership-between-government-and-community

[10] 'CEG Supports Community Growth' - Community Employment Group, *Press release*, 22 March 2004.
http://www.scoop.co.nz/stories/BU0403/S00236.htm

Supporting Social Enterprise

In 2001 CEG launched its new 'Social Enterprises' initiative. The Labour Government allocated $8.5 million over three years to pilot the Community Employment Organisations (CEOs) programme. According to the original press release from Steve Maharey's office:

> *"CEOs are social enterprises in the community and voluntary sector undertaking commercial activity - not in competition with the private sector - to meets community needs and to create employment." [11]*

The programme consisted of a mix of advisory support and financial assistance from the Community Employment Group and wage subsidies from the Department of Work and Income. The pilot programme consisted of 6 CEOs providing 64 positions, with a further six proposals in the pipeline. At the time it was launched there were a further 35 proposals being developed with CEG field advisers.

The Social Entrepreneur Fund

By the early 2000's the term 'Social Entrepreneur' - as exemplified by Grameen Bank founder and Nobel Peace Prize winner Muhammad Yunus - had begun to be used by those in New Zealand's community development sector as way of recognising the vital role that certain key community leaders play in creating positive change. The Community Employment Group responded in 2001 with the announcement of a $750,000 Social Entrepreneurship Fund (SEF). The purpose of the fund as recorded in the relevant Cabinet minute, was to "fund improvements to the ability of community organisations to improve the social and economic well-being of their communities by investing in the capacity of their present leaders and potential leaders". In 2003 the scope of the fund was widened to support Social Entrepreneurs with an interest in not only economic and employment development but also including the areas of youth, welfare, health and education community development. [12]

Geoff Chapple was the first person to receive a grant from the fund in October 2001, and this helped him to develop Te Araroa – 'the long path' – a walkway that now runs 3,000km along the the length of Aotearoa New Zealand. Since opening it is estimated that Te Araroa has contributed more than $5 million to the NZ economy. [13]

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[11] 'Government Launches New 'Social Enterprises' Initiative' - Steve Maharey, *Press release*, 5 April, 2001. https://www.beehive.govt.nz/node/10177

[12] 'The Great Hip Hop Scandal' - Graeme Whimp
, *The Journal of New Zealand Studies*, January 2008.

https://ojs.victoria.ac.nz/jnzs/article/view/136

[13] 'Te Araroa contributing millions to regional New Zealand' - Te Araroa, *Press release,* 29 June 2017. https://www.teararoa.org.nz/news/fullarticle/228/

When the SEF recipients were announced in July 2003, Steve Maharey described the group this way:

> *"These are the champions — the guiding lights in our communities — who can think of bright ideas and inspire others to find solutions to health, education, social and employment problems. It is time to support these people and develop their potential so that the government moves from a 'hand-out' towards a 'hand-up' by investing in people who can make a real difference. Social entrepreneurs work outside the square and often are too busy to take time out to care for their own needs. This fund allows them to build their skills, research or develop concepts around their speciality, or attend educational programmes."* [14]

But despite this personal advocacy from from the Minister of Social Development, within two years of the funds launch, the SEF had been frozen by Ministerial order. By the following year not only had the SEF been closed, but the entire Community Employment Group had been disestablished.

The Great Hip Hop Grant Scandal

Graeme Whimp from Victoria University in Wellington described the incident at the centre of the demise of CEG as "The Great Hip Hop Grant Scandal". His research report is included in the 'Further Reading' section of this report. [15]

In case you are unfamiliar with these events, in 2004 the then opposition National party's Social Services spokesperson Katherine Rich publicly revealed that the Social Entrepreneurship Fund had paid $26,100 for a young Social Entrepreneur from Christchurch and her mother to go on a 70 day study tour to learn about the origins of hip-hop in New Zealand. [16]

For the purposes of this report there are a number of relevant issues to highlight regarding this 'scandal':

● The primary recipient of the $26,100 was actually singled out for acknowledgement by Steve Maharey in his 2001 speech as an model Social Entrepreneur.

● The Minister clearly understood the need to resource individual social entrepreneurs and support them to learn, and to lead in their communities.

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[14] 'Hand Up Not Hands Out' - Steve Maharey, *Press release*, 16 June 2003. https://www.beehive.govt.nz/release/hand-not-hand-outs

[15] 'The Great Hip Hop Scandal' - Graeme Whimp
, *The Journal of New Zealand Studies*, January 2008

https://ojs.victoria.ac.nz/jnzs/article/view/136

[16] 'Hip-hop trip fund takes rap' - Kevin Taylor, *New Zealand Herald*, 2 July 2004.
https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=3576059

- The Social Entrepreneur Fund was set up precisely "to pay for social entrepreneurs to take courses of study or to research activities that will improve their skills and contribute to their personal development."[17]

- In 2004 (after the fund was frozen but prior to the story becoming public) both CEG and the SEF were audited by the Department of Labour chief internal auditor, and two internal auditors, with quality assurance provided by Audit NZ. While the auditors recorded a number of criticisms of the processes used by the CEG, their overall assessment was "that most of the objectives and all the reporting requirements and other terms and conditions of funding had been met and that the level of expenditure was appropriate." [18]

Lessons Learned?

There are a number of important insights to be taken from the saga of CEG and some that have particular relevance to the future of Social Enterprise sector development are described here:

CEG operated for fifteen years which is pretty good for an innovative Government programme. It was able to survive several changes of Government and several reviews and restructuring. Ultimately all government programmes have a 'used by date'. For any organisation that is reliant on Government funding it is important to plan for disestablishment and consider how to transfer the mission, assets, and knowledge base to another organisation that can continue on the work.

From its inception CEG was intended to be a place for innovative approaches to community employment. As it started to engage with more complex and challenging ideas like Social Entrepreneurship and Social Enterprise it exposed itself, and the Government that was supporting its activities, to greater risk. It seems that both CEG and the Government underestimated this risk and were unprepared for negative media attention.

Clearly CEGs internal processes were not robust enough for what it was trying to do with the Social Entrepreneurship Fund. 'Untagged' funds for activities like professional development are almost unheard of in the community sector. These funds are vital for supporting innovation, however the vetting and accountability around this practice needed to be beyond reproach. Grant recipients and the people making grants using public funds need to be supported by robust accountability practices, and when the need arises to be defended publicly for doing their job.

I also seems that both CEG and the Government underestimated the process of sector development. It is hard to just go out and find Social Entrepreneurs (and Social Enterprises) who are operating at a high level. The Government's commitment to support these people, and the communities behind them, collapsed the first time it was tested, despite numerous success stories and promising early outcomes. Sector development takes time and all parties involved need to understand this and be prepared for 'failures' along the way.

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[17] 'Searching for Community Champions' - Community Employment Group, *Press release*, 7 February 2003.http://www.scoop.co.nz/stories/BU0302/S00053.htm

[18] 'The Great Hip Hop Scandal' - Graeme Whimp
, *The Journal of New Zealand Studies*, January 2008

https://ojs.victoria.ac.nz/jnzs/article/view/136

While the support from the Minister of Social Development was useful in raising the profile of the organisation, the Social Entrepreneur Fund (and therefore CEG) became publicly linked to Labour's flagship Social Development initiative. The fund then became a weakness that the opposition used to humiliate the Government and one its leading Cabinet Ministers. It is important that the Social Enterprise agenda does not become associated with one party or one side of the house.

The Government at the time needed the SEF to be "a hand up, not a hand out". When it turned out that people from the community sector were being 'given money' for professional development this 'third way' narrative came under threat. It is important to understand the ideological lineage of the Social Enterprise sector and to be proactive in shaping the public narrative around them rather than letting the mainstream media define the debate.

Finally it is helpful to acknowledge that class and ethnic discrimination were at work in 'the great hip hop scandal'. A young Pasifika woman being funded to travel and learn about something that could benefit her local community clearly didn't pass the 'front page of the newspaper' test for many European New Zealanders. This kind of prejudice may have helped informed the rise of the more middle class, professional, version of Social Enterprise we see today.

Throwing the Baby Out with the Bathwater

Following the demise of the Social Entrepreneurs Fund in 2004, the entire CEG organisation was disestablished in 2005. Over 70 regional CEG officers and nearly $20m in community funding was taken away without any community consultation or review. Many people recognised the serious impact that this would have on New Zealand communities at the time.

Here is Sue Bradford, Green Party Community Economic Development spokesperson speaking in August 2004:

> *"I urge the Government not to throw the baby out with the bathwater. Sure, there have been mistakes that have undermined the good work achieved by CEG but there's also 15 years of knowledge and experience that should be included in moving forward. The role of CEG in supporting entrepreneurial social enterprise and genuine community development is as important now as it ever was. It's essential that the community economic function isn't lost and that there is a viable government agency to work in an enabling way with the community sector to achieve its full potential." [19]*

It was not only the left of the house that spoke out in support of CEG, here is Katherine Rich, the National Party Social Services spokesperson, from September 2004:

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[19] 'CEG becomes WOG - but where's the 'community'?' - Sue Bradford, *Press release*, 11 August 2004. http://www.scoop.co.nz/stories/PA0408/S00214.htm

> *"The Government is throwing the baby out with the bath water in relation to its decision today to axe the Community Employment Group. After making a huge song and dance about moving CEG from the Ministry of Social Development back to the Department of Labour, Steve Maharey is now going to spend a small fortune shifting it back again. The move to disestablish CEG is a blatantly transparent attempt to shut down the political fall-out from the Government's appalling track record in this area. I believe the rules could have been strengthened without killing off CEG."* [20]

The story of CEG is a useful example of the collateral damage that accompanies adversarial politics. CEG clearly had some procedural and cultural problems that needed addressing. Doing anything innovative is hard, and finding good people is hard, and all organisations make mistakes on the way to developing a mature culture, and robust systems.

For reasons that are not immediately obvious, in 2004 the New Zealand Government ended a programme that was a mainstay of community economic development in New Zealand for over fifteen years. In doing so they left many communities with no way to resource the projects, enterprises, and leadership that they need in order to respond to the social, environmental, cultural and economic challenges they face. In 2011 the Department of Internal Affairs carried out a $400,000 *Community Led Development* pilot with positive results. [21] However the only consistent funding currently available to support community development projects (outside of Government contracting and procurement) is approximately $12.5m per year in Community Organisation Grants Scheme (COGS) grants.

Summary

The first thing that anyone interested in Social Enterprise development in New Zealand needs to understand is that they are not starting from scratch. There have been several decades of important and interesting work done already, involving a unique Government agency, successive Governments, oppositional politics, and the media.

The second important aspect of this history to understand is the relationship between Social Entrepreneurship, Social Enterprise and the Community Sector in New Zealand. Support by CEG may have helped, but it was the hard work of local Social Entrepreneurs and the communities who supported them that made projects like Te Araroa happen.

There some difficult lessons to be learned from the history of CEG, and the political nature of public funds. These lessons can and should be used to develop a stronger and more durable approach to Social Enterprise sector development in the future. Sector development agencies need be judged on *the quality of the support they provide*, not on the success or the profile of the projects they choose to support.

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[20] 'Baby thrown out with bath water in CEG axing' - Katherine Rich, *Press release*, 21 September 2004
http://www.scoop.co.nz/stories/PA0409/S00425/baby-thrown-out-with-bath-water-in-ceg-axing.htm

[21] 'Community-led Development' - Department of Internal Affairs, *Website*, 2018.
https://www.dia.govt.nz/Resource-material-Our-Policy-Advice-Areas-Community-led-Development

Context 2. **Ideology**

Having described a short history of Social Enterprise sector development in this country, the second context that this report considers is ideology. If New Zealand wants a more robust and impactful Social Enterprise sector then it is important for all parties involved in sector development to demonstrate a thorough understanding of the ideological tensions that underpin the proposition of Social Enterprise itself.

As the previous section pointed out the task of 'reconciling social justice with an energetic and competitive economy' is not straightforward. The idea of using the tools of business to achieve social impact is a compelling one, but it comes with a number of ideological challenges that the next section of the report seeks to describe.

Recently, several important critiques of Social Entrepreneurship and Social Enterprise have been published in the international literature. These critiques are summarised here with the goal of encouraging the Social Enterprise sector to develop a coherent response and a clearer ideological position regarding its own values and the lived experience of the people it seeks to serve.

Building Bridges and Burning Bridges

One way to think about Social Enterprise is as a bridge building exercise. It seeks to connect the not-for-profit world with the for-profit world, and in doing so open up new ways of creating positive social change. The bridge building metaphor also describes the vital role of intermediary organisations in this kind of cross sector endeavour, which is to act as an island or a pier in the middle of the river so that the bridge is stronger and can span further.

The fundamental challenge of bridging across any ideological difference is creating something that both sides feel good about. It is worth noting that in times of war, bridges are often destroyed as a way of keeping the enemy at bay. When thinking about Social Enterprise development it is important to understand what the ideological divides are, and what the strategy is for bridging between them.

A critical question is to consider in this process is 'who is building the bridge and who is benefiting from the bridge being built?' This question is essential for intermediary agencies to consider. While the role of intermediation is important, it can easily become self serving especially when the funding needed to resource the 'bridge building' work comes with strings attached.

The ideological tensions within the Social Enterprise proposition simply reflect the ideological divides that exist in the wider society, but in some ways they are clearer. These tensions get to the heart of what the work of Social Innovation is all about - healing cultural wounds - namely social division, economic exclusion, and environmental harm. If the Social Enterprise development sector cannot have a coherent conversation about its own ideological foundations, then it will be difficult for the sector to offer much support to the Social Entrepreneurs who also have to navigate these issues while creating Social Enterprises in
New Zealand communities.

Social Enterprise Is Not Social Change

To better understand the question of an ideological divide a good place to start is the February 2018 edition of the *Stanford Social Innovation Review* and an article by Marshall Ganz, Tamara Kay & Jason Spicer titled 'Social Enterprise is Not Social Change'. This article is included in the 'Further Reading' section of this report. While the article is obviously describing the North American experience, many of the issues are relevant to us here in New Zealand.

> *"SEE (Social enterprise and social entrepreneurship) is founded on neoliberal ideology: a belief that markets, not government, produce the best social and economic outcomes. SEE advocates construct social problems as knowledge problems that can be solved by technical innovation driven by competition among individual social entrepreneurs, operating through for-profit, nonprofit, or hybrid enterprises.*
>
> *In contrast, a political approach sees social problems as power problems. Dealing with them requires collective political action by organized constituencies that use the power of democratic government to overcome resistance to structural social change. Successful examples of this approach include the social movements that fought for abolition, public education, agrarian reform, labor rights, civil rights, women's rights, and environmental protection, in the United States and elsewhere."* [22]

The authors present this ideological divide as a polarity, contrasting 'Social Enterprise and Entrepreneurship' with 'a political approach'. What they are pointing out is that if all our attention, and all our resources, are channeled into supporting a narrow definition of Social Enterprise or Social Entrepreneurship then we run the risk of killing off other approaches that may be more effective, or simply necessary, in a wider range of contexts.

The article also offers a provocative summary of the following core values and beliefs the authors perceive as being central to the current Social Enterprise and Entrepreneurship approach:

1. Heroic entrepreneurs are the locus of change (not empowered communities)

2. The best organisational form is the entrepreneurial firm (not a public agency or social movement)

3. Small government is good (the private sector can do it better, or nonprofits can do it better)

This critique presents a compelling argument that, as currently constituted, Social Enterprise and Social Entrepreneurship are not inclusive enough, or ambitious enough to meet the challenges we face in our modern societies. The authors argue that real social change happens because people demand it and then elect politicians that are willing to make sure that structural change shows up in new legislation. The example of universal women suffrage mentioned in the introduction of this report is just one historical example that support this perspective.

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[22] 'Social Enterprise Is Not Social Change' - Marshall Ganz, Tamara Kay, and Jason Spicer, *Stanford Social Innovation Review*, Spring 2018.

However this critique only stands up in an either/or world. The implication that Social Enterprise is somehow opposed to political activism seems based on the assumption that there is only room for one approach, or that one is antagonistic to the other. While this is a useful distinction to make, presumably both approaches to creating social change are useful, as are many other approaches. This report takes the position that starting a Social Enterprise or identifying as a Social Entrepreneur represent just two locations in a larger and more complex field of activity called Social Innovation. However, the assertion that there are not enough resources to go around is worth considering especially in light of the New Zealand Government's recent decision to fund Social Enterprise sector development.

The *Social Enterprise is Not Social Change* article seems to take the view that the Social Enterprise and Entrepreneurship sector are 'using up all the oxygen' and leaving nothing for any other forms of Social Innovation. A more subtle version of this concern is that by including Social Enterprise and Entrepreneurship in the University curriculum, these institutions are co-opting young people who might otherwise take a 'political approach' and instead convince them that all they need to do is become founders of a new kind of business. Whether real or not, the Social Enterprise sector in New Zealand needs to understand these concerns and work out how it wants to respond to them, and ideally lead a conversation about these issues in New Zealand.

The third ideological concern raised in the article is more directly relevant to the political relationship that the Social Enterprise sector has with the New Zealand Government. The concern expressed in *Social Enterprise is Not Social Change* article is that Social Enterprise and Entrepreneurship are now being used to marginalise the role of the State as a provider of core social social services:

> *"SEE promoters seek to minimize government. John Whitehead, a former Goldman Sachs chairman who funded Harvard's Social Enterprise Initiative, was explicit: "I'm always looking for opportunities to expand the nonprofit sector of our economy to have nonprofits take over functions that are now performed by the government. ... in the work of public schools, charter schools are an example of how the private sector can do it better, or nonprofits can do it better." [23]*

If Social Enterprise comes to be seen as part of the neoliberal project to 'outsource' social welfare provision to a new class of for-profit entrepreneurs then this would have significant implications for the sector and for the ability of the New Zealand Government to support sector development.

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[23] 'Social Enterprise Is Not Social Change' - Marshall Ganz, Tamara Kay, and Jason Spicer, *Stanford Social Innovation Review*, Spring 2018.

Tackling Heropreneurship

Another important recent critique of Social Enterprise comes from Daniela Papi-Thornton who is the deputy director of the *Skoll Centre for Social Entrepreneurship* at Oxford University's Saïd Business School. In 2016 she published 'Tackling Heropreneurship' which describes what she sees as the 'social business' variety of Social Entrepreneurship.

> *"In this "everyone is an entrepreneur" era, hack-a-thons, accelerators, business incubators, and social entrepreneurship training courses are around every corner. They mostly focus on training people with the skills they need to start a social business, neglecting the many other skills required to fully understand a problem and fuel social change."* [24]

Daniela Papi-Thornton's work is also concerned with the ideological assumptions that she sees being instilled in the next generation of young people seeking to make a positive contribution to society. She argues that they are being taught to believe that the prestigious way to do this is to start a Social Enterprise, usually in a domain they have little personal experience or knowledge of.

> *"We—the educators, social entrepreneurship training program designers, social impact funders, and university professors who give money and accolades to students to go out and solve problems before we've given them the tools to understand those problems—are largely to blame for this phenomenon. We're wasting limited resources on shallow solutions to complex problems, and telling our students it's OK to go out and use someone else's time and backyard as a learning ground, without first requiring that they earn the right to take leadership on solving a problem they don't yet understand."* [25]

Daniela Papi-Thornton seeks to 'reclaim' a broader definition of Social Entrepreneurship that is based on lived experience, systemic analysis, and holistic approach to implementation. This raises

the question of where young people in New Zealand are getting educated about the broader concept of Social Innovation. Several Universities have developed programmes in this area, however there is a question for the Social Enterprise sector about how it engages with Universities and what message they are promoting regarding Social Enterprise and it's ideological underpinnings.

These critiques provide Universities with an opportunity to support their students to understand New Zealand's recent history, to develop their own critical faculties, and to encourage students to engage in political conversations about economic ideology.

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[24] *Tackling Heropreneurship* - Daniela Papi-Thornton,
Stanford Social Innovation Review, February 2016.
https://ssir.org/articles/entry/tackling_heropreneurship

[25] *Tackling Heropreneurship* - Daniela Papi-Thornton,
Stanford Social Innovation Review, February 2016. https://ssir.org/articles/entry/tackling_heropreneurship

Adopting the Tools without Adopting the Culture

The Social Enterprise sector may be discovering that it is very difficult to use the tools of business without starting to think and act according to the internal logic and culture of business. What both the articles cited in this report point out is that the culture of Social Enterprise and Entrepreneurship, especially the variety that we see in the United States and Europe has been heavily influenced by the culture of the Business Schools who have been instrumental in sponsoring its development and codification.

A defining trait of this 'culture of business' is that problems are understood in technical rather than social terms. From this perspective complex social problems can simply be solved with more money, better tools, and more professional management. These values are also visible in the way that Social Enterprise training programmes tend to focus on the role of the individual entrepreneur and founder, the importance of an innovative business model, and the assumption that scale, impact, and investment are obvious goals for any Social Enterprise. It also visible in the way that Social Enterprise development agencies promote themselves as specialist intermediaries and technical advisors.

What is often missing in the work of Social Enterprise development is the cultural literacy, ideological awareness, or a humility that acknowledges that alternative values and ways of working are possible or desirable. The idea of building a relationship with a local community over years, decades, and generations and working with the assets and resources that community already has is seldom part of the conversation in the world of Social Enterprise. Too often the social start-up mentality is about building a reputation and becoming a 'serial entrepreneur' as a step to doing their first TED talk.

Obviously it is important to recognise and value leadership and those unique people who drive the creation of successful initiatives, however if the metrics for success eventually all boil down to financial success, then the sector will only see certain kinds of projects happening. Very few commercial investors are interested in the long term process of building social capital in our poorest communities, where what is often needed is a relational approach not a technical solution.

Supporting Success or Claiming Success

The Social Enterprise sector also needs to be more aware of the 'culture of claiming'. This is where intermediary organisations, who need to demonstrate their worth to funders, use other people's projects to promote their own activities. Intermediaries and funders have a tendency to appropriate the projects that they support - this usually involves seeking to both influence their strategic

direction and claim their impact. Successful projects are included in annual reports, profiled on websites, and featured in press releases of intermediaries and funders on a regular basis.

This might be appropriate in a start-up culture where everyone simply wants more profile. However this approach may be inappropriate, or even offensive, when the project is owned by a community and the success clearly belongs to them.

Compounding this problem is that when the relationship involves a funding, or resourcing agreement it becomes very difficult for Social Enterprises to give full and frank feedback to intermediaries or Government agencies. These dynamics would be less problematic if intermediaries and Government agencies publicly stood by the people, projects, and the

organisations they supported when they 'fail' or when they are challenged in the media, as happened (or did not happen) in the example of the CEG Social Entrepreneur Fund.

Structure and Agency

To complete this section on ideology, this report offers a way of possibly cutting through the complexity of political and economic ideology. The 'structure/agency debate' has been a central argument within the field of Sociology since it coalesced as an academic discipline in the mid 19th Century and is a simple way to understand the issues raised in this report.

One way to understand neoliberal ideology is that it tends to privilege individual agency, and distrust collective institutions like central government. This explains why business culture celebrates heroic entrepreneurs, and the enterprises they start, and downplays the role of the state in providing the infrastructure and regulatory environment that makes modern business possible. On the other hand, socialist ideology privileges the role of social and political structures, and distrusts private wealth and individual power. This explains why socialist culture celebrates popular movements that bring about positive change in society, such as the 40 hour working week, and down plays the role of individual entrepreneurs and business leaders in creating the economic conditions that make social progress possible.

Therefore, to argue that Social Enterprise is all about individual agency is to miss an important point. One way of describing Social Enterprise is as a pragmatic way to *work with* the existing economic structures, and the prevailing cultural norms of the business world. From this perspective Social Enterprise is a *structural* tactic, and not simply another example of the rise of individual agency. By actively embracing the culture of the entrepreneur and the market, Social Enterprise has become an acceptable and aspirational part of mainstream University education and a viable career choice for middle class young people. This acceptance has made it possible to access valuable institutional support and financial resources that were previously unavailable to other forms of Social Innovation such as political activism and community development.

Summary

Social Enterprise is a sector that is in the process of maturing. That means that it is having to engage with greater complexity and diversity. Scholars like Daniela Papi-Thornton, Marshall Ganz, Tamara Kay, and Jason Spicer are asking a number of tough questions about the sector and where it is headed. How much real social impact has actually resulted from the 'social business' variety of Social Enterprise? What have the unintended consequences been of Social Enterprise becoming mainstream?

In a recent report on 'Human Capital Trends', Deloitte describe the *Rise of Social Enterprise* and the positive impact that they perceive social values having on the mainstream business world:

> *"Organizations are no longer judged only for their financial performance, or even the quality of their products or services. Rather, they are being evaluated on the basis of their impact on society at large—transforming them from business enterprises into social enterprises."* [26]

Ironically, the greatest impact that the Social Enterprise sector might have has come from exactly the 'systems change' perspective that the *Social Enterprise is Not Social Change* article advocated. When a bridge is built and two cultures meet, influence happens in both directions. While it is important to recognise asymmetrical power relations, it is also important to appreciate that the 'logic and culture' of Social Enterprise is clearly influencing the private sector as well. Initiatives such as B-Corp appear to successful in promoting the idea that even publicly listed companies need to consider social impact. If successful this 'meta-project' may prove to be very impactful in the long term.[27]

Social Enterprise has the potential to bring people together, from the not-for-profit sector and the for-profit sector, and to bridge some of the ideological divides described above. However this will only be possible if people trust the sector and can see positive outcomes from its activities. It is unlikely that Social Enterprise is an ideologically neutral proposition and it shouldn't try to present itself as such. This should not mean that Social Enterprise development agencies have to 'take sides', but the sector does need to be ideologically literate, and it will require the sector talking openly and honestly about its values are and what it stands for.

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[26] 'The rise of the social enterprise' - Deloitte Human Capital Trends, *Deloitte website*, 2018.
https://hctrendsapp.deloitte.com/reports/2018/the-rise-of-the-social-enterprise.html

[27] 'Can Corporations Inspire Social Good?' - Nishant Bagadia, Stanford Social Innovation Review, 16 March 2018.
https://ssir.org/articles/entry/can_corporations_inspire_social_good

Context 3. **Economy**

The global economy currently faces a number of unprecedented challenges. Despite extreme poverty having reduced markedly in recent years, the wealth inequality within nations is growing at an alarming rate, leading to increased political instability and the rise of populist and nationalist parties in a number of developed nations. In New Zealand the issue of wealth and income inequality has become acute. The richest 10% of the population control nearly 60% of of the nation's private wealth, while the poorest 50% of the population have access to less than 5% of the nation's private wealth.[28]

Many of the issues that Social Enterprises around the world seek to address are the result of poverty and economic exclusion. This third section of the report considers the political and economic changes that have created the current situation in New Zealand.

A Classless Society?

One of the themes of 20th Century New Zealand cultural narratives is that New Zealand is, or at least was, an 'egalitarian' nation. This could be a cultural myth, but it may also contain a more interesting insight.

There have always been rich and poor people in New Zealand, and therefore class, but many writers have commented throughout our history that 'social status' is less obvious here than in other cultures, especially England. Perhaps a more accurate way to describe social stratification in New Zealand is that we have a "a large and varied middle class". [29]

New Zealand had to do some hard work to get there. At the beginning of the 20th Century the country was facing an even more extreme problem regarding wealth inequality than today:

> *"Information from estates of people who died suggests considerable inequality, but it declined over the first half of the 20th century. In 1915 the top 5% of estates owned 57.1% of the wealth; while the bottom half owned only 5.5%. By 1971 the top 5% owned 32.2% of the wealth, while the bottom half owned 12.7%." [30]*

Over a period of 56 years successive governments implemented innovative policies that were able to gradually improve the situation - and in the process helped create the modern social democracy. One statistic that reveals how successful these efforts were was that by 1986 over 75% of all New

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[28] "Unfair' wealth divide hurting middle NZ' - Max Rashbrooke, *Stuff website*, 28 December, 2017.
https://www.stuff.co.nz/business/money/100211825/inequality-researcher-says-its-time-to-measure-our-wealth-divide

[29] 'A middle-class society?' - Te Ara, *Website*, 2018.
https://teara.govt.nz/en/class/page-4

[30] 'A middle-class society?' - Te Ara, *Website*, 2018.
https://teara.govt.nz/en/class/page-4

Zealanders owned the home they lived in. Unfortunately this trend was not to last, and by 2013 home ownership rates had fallen to 63% - the lowest rate since 1951.[31]

Neoliberal Economics

So how did New Zealand get from a situation where 50% of New Zealanders had 12.7% of the wealth in 1971, to the current situation where 50% of New Zealanders have less than 4% of the wealth? All in a little over 40 years?

Since 1984 successive New Zealand Governments introduced neoliberal economic and social policies that bought in less revenue (from wealthy people) and distributed less support (to poorer people).

> *"In the late 1980s and 1990s the reduction of top income tax rates, the introduction of GST hurt those on lower incomes and the cutting of benefit levels in 1991 considerably increased inequality. Census figures suggest that in 1986 the top 20% of the population earned 46.3% of the total income (which includes benefits and pensions), while the bottom 30% earned 6.9%. So even at that stage inequality was significant. But by 2013 the share of the top 20% of total income was 51.5%, and the bottom 30% had fallen to 5.1%. The international Gini coefficient table suggested that in 2014 New Zealand had become the eighth most unequal society by income of the 34 OECD countries as compared with 20th in 1985."* [32]

It is beyond the scope of this report to make any argument about whether the neoliberal reforms of the 1980's and 1990's were 'necessary' or 'worth it' or not. But what history tells us is that these reforms changed the lives of the majority of New Zealanders, and for many people the negative impact of these changes continues to this day. It seems that the goal of 'reconciling social justice with an energetic and competitive economy' is still a work in progress.

> *"What did it all mean? New Zealand became a better place. Economically stronger, culturally stronger and far more accepting of diversity. But it also became a worse place, with unions undermined and the livelihoods of hundreds of thousands of people stripped from them. Many rebuilt their lives; many others did not. Regions collapsed, old infrastructure like the railways collapsed, and families were pitched into a welfare dependency in which, almost two generations on, many are still trapped today."* [33]

Social Enterprises and the sector development agencies that represent them need to understand the economic reality of the people they are trying to benefit, and the policies and political movements that created that reality. Some of this is just because history is useful context to

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[31] 'Home ownership rates drop' - Simon Collins, *The New Zealand Herald*, 15 July 2015.
https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11480961

[32] 'A new society, 1980s onwards' - Te Ara, *Website*, 2018.
https://teara.govt.nz/en/class/page-6

[33] 'New radicals' - Simon Wilson, *Journal of Urgent Writing*, Massey University Press, 2017.
https://thespinoff.co.nz/politics/14-11-2017/new-radicals-the-challenge-for-nz-politics-in-the-time-of-corbyn-and-trump/

understanding people's lives and having empathy, but more importantly unless Social Entrepreneurs understand the systemic causes of poverty they are unlikely to develop sustainable solutions.

In 2015 and then again in 2018 the illustrator Toby Morris created this powerful image of the growing divide between rich and poor in New Zealand called The Wealth Inequality Tower. [34]
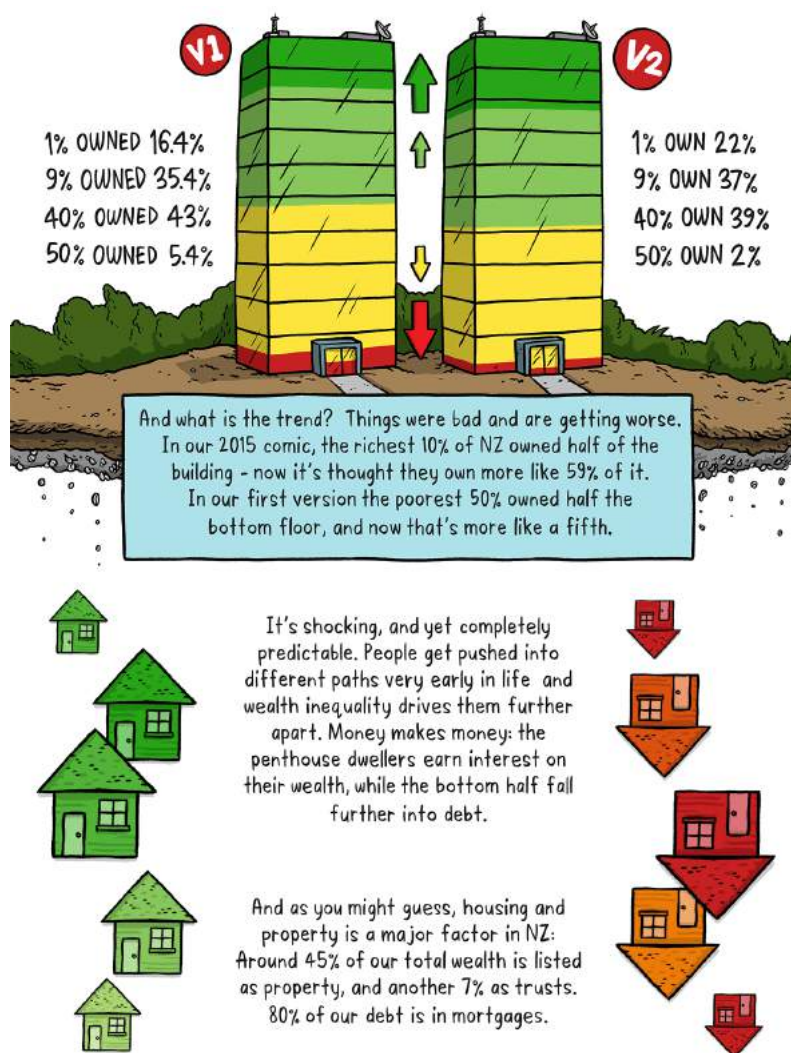
The Middle Class Problem

One way of interpreting the rise of terminology like Social Enterprise and Social Entrepreneurship is as an attempt to elevate the status of the people working to creating positive change. They are no longer 'community activists', they are 'social entrepreneurs'. They no longer work for a 'charity', instead they are founders of 'social enterprises' with contemporary branding and operating out of co-working spaces.

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[34] 'The Side Eye: Inequality Tower 2018' - Toby Morris, *The Spinoff*, Website 2018.
https://thespinoff.co.nz/society/31-07-2018/the-side-eye-inequality-tower-2018/

One rationale for this change is that with more status comes more profile, and more access to resources, and therefore greater impact. However another way of understanding this change is that this is what happens when middle class people decide that they want to be part of social change. The idea that people should be able to 'do well by doing good' is certainly an appealing one, but it is important for the Social Enterprise sector and sector development agencies to think critically about this proposition. Might self interest be playing a role in how appealing this idea is?

Describing CEG, then General Manager Charlie Moore, put it like this:

> *"CEG works with communities and groups on the margins. We often work with groups over a number of years. They start from behind – we don't expect 100% success immediately or in all cases. A series of steps over several years can lead to new and ongoing jobs in that community." [35]*

This demographic sounds quite different to the people who are attracted to the contemporary Social Enterprise sector. The people who start Social Enterprises tend to be middle class, well educated, and have access to various forms of social and financial capital. This is not a problem if the customers of your Social Enterprise are also middle class, well educated, and have access to various forms of social and financial capital - in fact it is likely to be a distinct advantage. However if 'the problem' that Social Enterprises are trying to address is one of the many downstream consequences of poverty and economic exclusion then this might be an issue. As Daniela Papi-Thornton points out in *Tackling Heropreneurship* it is unlikely that anyone from a background of wealth and privilege is going to know a lot about what poverty and economic exclusion are like.. People with 'lived experience' of poverty and economic exclusion are generally not the people who participate in Social Enterprise accelerators and incubators.

In the 'middle class version' of Social Enterprise, when middle class professionals join Social Enterprise development agencies they can reasonably expect to earn salaries in excess of $100,000 per annum because that is what their expertise would be worth in the private or public sectors. People with a background in corporate, government, and academia obviously bring with them important skills, knowledge, and resources to creating positive social change. However the question of what role middle class entrepreneurs should play in creating positive social change needs more thought and consideration.

In the 'community version' of Social Enterprise, having advisors coming into your community who are earning salaries in excess of $100,000 per annum is likely to create a credibility problem. It is also going to place considerable strain on your business model if you have to pay everyone in the enterprise a middle class salary, or if the founder wants to be paid a middle class salary and those people working on the project are volunteers. Starting or supporting a Social Enterprise might be a 'lifestyle choice' for a professional person exiting from the corporate, government, or tertiary sector, but for anyone working in the community sector $100,000 is enough to employ three or four people full time to to work on the frontlines of social change.

Social Enterprise is not the only place where this dynamic plays out. As the public sector has tried to compete with the private sector for skills, knowledge, and expertise, we have seen incomes in

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[35] 'CEG Supports Community Growth' - Community Employment Group, *Press release*, 22 March 2004. http://www.scoop.co.nz/stories/BU0403/S00236.htm

the public sector rise considerably. In 2014 there were just over 7000 public servants earning over $100,000 per annum.[36] Four years later and that figure has climbed to over 16,000 public servants. This income puts them in top 20% of income earners. [37] Public servants are increasingly unlikely to have 'lived experience' of the economic problems facing most New Zealanders, and increasingly understand that their role is to managing political risk rather than changing or challenging the system.

Ideally everyone is conscious of their wealth and privilege, but this difficult task is especially important for anyone interested in operating a Social Enterprise or working to support sector development. The paradox in the situation is that good intermediation and sector development does require specialised skills and expertise, and intermediary agencies need to be able to pay competitive incomes to attract the necessary talent to these roles, especially senior roles. However the Social Enterprise sector needs to have a full and frank conversation about whether it can justify using public funds to employ professional consultants earning middle class incomes, to teach other middle class people how to start Social Enterprises, when the people that Social Enterprises purport to be helping are often not in the room, and cannot afford to be in the room.

What is Good for Māori Is Good For New Zealand

The Māori renaissance of the 1970's and 1980's, the Treaty settlements process of the 1990's and 2000's, and the emergence of a Māori Business sector in the last decade, are compelling examples of Māori cultural resilience, economic vitality, and contemporary tino rangatiratanga (self-determination, control, and decision-making). They are also three recent examples of a much longer history of innovative Māori responses to political, economic, and cultural exclusion.

New Zealand's colonial history plays out in every aspect of our society - including the Social Enterprise sector. With the demise of CEG, it seems likely that the kind of local and regional entrepreneurs that CEG had been championing needed to look elsewhere for support. Māori entrepreneurs got involved in Iwi organisations or in Māori Businesses. Pākehā entrepreneurs got involved in Social Enterprise. If accurate, this dynamic is not necessarily a problem. Iwi organisations and Māori Businesses are exciting and vibrant contributors to the New Zealand economy. Māori cultural values, as expressed through the world of business, are leading innovation and creating employment. If there is a 'downside' to these developments it might be that the Social Enterprise has not only become increasingly middle class, it has become increasingly 'white'.

The Community Sector is perhaps where a bicultural agenda is still most alive and active in New Zealand. Many Māori and kaupapa Māori community organisations operate as not-for-profit or charitable trusts. Most community organisations that are working to address the effects of poverty and economic exclusion are working with Māori whānau and communities where Māori are

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36 'Jump in public servants on $100K-plus' - Hamish Rutherford, *Stuff website*, 11 December 2014. https://www.stuff.co.nz/business/better-business/64050791/Jump-in-public-servants-on-100K-plus

37 'Government scraps bonus pay scheme for public service bosses' - Emma Hurley, *Newshub website* 21 August, 2018 https://www.newshub.co.nz/home/politics/2018/08/government-scraps-bonus-pay-scheme-for-public-service-bosses.html

disproportionately affected. The Community Sector also provides important opportunities for Māori Social Entrepreneurs to create new organisations and create positive change.

The question of what role the Social Enterprise sector has in supporting Iwi organisations, Māori businesses, Marae based enterprises, kaupapa Māori projects, and Māori communities is complex and requires more consideration. It would seem that this is an important opportunity to create a more bicultural Social Enterprise sector, one that invites Māori, Pākehā, and Tauiwi Social Entrepreneurs to connect and collaborate for the benefit of their communities. As Sir Pita Sharples succinctly put it, 'what is good for Māori is good for New Zealand'.

Summary

For New Zealanders to take the Social Enterprise sector seriously it needs to connect with the economic reality of their lives and make a practical difference to their well being. To do this the sector will need to figure out how it wants to navigate the growing economic inequality that is starting to redefine New Zealand society. It also needs to decide how to reconcile the needs of both 'middle class' and 'community' versions of the Social Enterprise sector and the people they serve. The Social Enterprise sector will also need to develop a strategy to support cultural diversity. This will be an important part of addressing concerns regarding the common absence of lived experience on the part of Social Entrepreneurs described in the *Tackling Heropreneurship* article.

Again, this is really describing a critical reflective practice that includes an understanding of class, culture, and privilege. This practice needs to be active at the personal, organisational, and social scales. It means confronting difficult questions about how much to pay staff and leaders in organisations that work with communities where incomes are low. It also involves engaging with uncomfortable questions about cultural identity and the impacts of colonisation.
As the story of the CEG *Social Entrepreneur Fund* made clear, it will also be really important to have robust systems in place to ensure that all decision making about who to fund and which projects to support is transparent and accountable.

Provocation 1.
Differentiation

So far this report has described three contexts - history, ideology, and economy - which are important for the New Zealand Social Enterprise sector to consider. The second part of the report presents two provocations to help turn these contextual considerations into action.

The *Social Enterprise is Not Social Change* article implies that Social Enterprise and Social Entrepreneurship are being presented as 'the solution' to all of our social problems. This is a foolish claim to make in the New Zealand context, and does not seem to be the case here. However, it may be the Social Enterprise sector has been less successful in getting attention, support, and financial resources that other forms of Social Innovation and Social Entrepreneurship in this country.

The first provocation this report makes is for clearer differentiation between Social Enterprise and the range of other strategies available to create positive change, in particular Community Enterprise and Community Development. Before presenting that argument it may be useful to recap some definitions that are used in the wider Social Innovation movement.

Broad Definitions

This report takes the position that starting a Social Enterprise is one tool in the toolbox for people who want to create positive social, environmental, cultural, and economic change. Accordingly, the following definitions may be useful:

> A *Social Enterprise* is a "purpose-driven organisation that trades to deliver social and environmental impact." [38] In other words, Social Enterprise is a 'market based intervention' that secures the resources it needs to achieve its mission by selling goods or services (trading).

> A *Social Entrepreneur* may want to start a Social Enterprise, but they are just as likely to engage in political activism, social marketing, co-design, volunteering, government intrapreneurship, community led development, asset based community development, local placemaking, community enterprise, convening events and networks, and collective impact, just to name a few. A nice definition of a Social Entrepreneur is someone who leaves behind them 'enduring new relationships'.

> *Social Innovation* remains the most common terminology for the wider project of creating positive social change. A weakness in the *Social Enterprise is not Social Change* article is that it essentially pits Social Enterprise and Entrepreneurship against Social Innovation.

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[38] 'What Is Social Enterprise' - Ākina, *Website*, 2018.
http://akina.org.nz/about/our-story/what-is-social-enterprise/

Clearly Social Enterprise and Social Entrepreneurship are parts of a larger whole, hence the title of this report. There are also a great many roles within the Social Innovation movement for people who are not interested in the 'heropreneur' mode of changemaking. Charisma and vision will only get a project so far and the majority of projects require skilled administrators, event organisers, evaluators, health and wellbeing, financiers, artists and designers, logistics, and researchers.

If there is confusion or disagreement about these 'nested' concepts within the Social Enterprise sector then it will be difficult to address the kinds of concerns raised in the Social Enterprise is Not Social Change article. It is also likely that people will continue to look to the Social Enterprise sector to support the wide range of social challenges faced by New Zealand communities.

The Social Enterprise Continuum

The most common way of describing Social Enterprise is the Social Enterprise Continuum (see below). This model has been used since at least 2009 and has been promoted by the Young Foundation, NESTA, and Social Enterprise development agencies around the world.[39]

According to this continuum, which ranges from strictly not-for-profit organisations on the left and strictly for profit organisations on the right, everything in between is some variety of Social Enterprise. This is a useful way to describe Social Enterprise to someone who is new to the concept, because most people are familiar with the idea of for-profit businesses, and not-for-profit charities and can imagine developing a hybrid organisation that has aspects of both.

The Social Enterprise Continuum (NESTA/Young Foundation 2011)

While this conceptual mental model is useful, it is clearly 'Social Enterprise centric'. It is not trying to describe all the tools available to a Social Entrepreneur, just Social Enterprise. This is fine as long as people understand that there are other tools and approaches out there, and that there are other agencies they can go to go to access information about them. However, this is not currently the case in New Zealand, and that creates a 'scope' problem for the Social Enterprise sector.

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[39] 'Growing Social Ventures' - Cynthia Shanmugalingam, Jack Graham, Simon Tucker and Geoff Mulgan - *NESTA*, February 2011.
https://youngfoundation.org/wp-content/uploads/2012/10/Growing-Social-Ventures-2011.pdf

Differentiation

The other, and more important problem with the Social Enterprise continuum, is that it effectively 'claims' that Community Enterprise fits neatly into the middle of the continuum. There is an argument to be made that Social Enterprise and Community enterprise are actually very different propositions with very different applications. Here is how that differentiation could be described:

> *Social Enterprise* is based on the proposition that positive impact can be created in the process of operating a profitable venture. The big idea is that earned money can then be ploughed back into the business and used to grow the impact.
>
> Because the enterprise is profitable it can access traditional sources of capital in the financial markets, and because the enterprise has a positive impact it can access new customers. Therefore Social Enterprise is a **individual response** to creating positive change within the **existing market economy** , and where **'customers' can sustainably support the activity**.
>
> *Community Enterprise* is based on the proposition that positive impact should not be dependant on making a profit. The big idea is that Government money should be available to assist communities to support better economic outcomes, to restore the natural environment, and to provide training and support for people in need.
>
> Because the enterprise is able to access funds not available to private businesses (or Social Enterprises) it can exist where others cannot and where the market has 'failed'. Therefore Community Enterprise is a **collective response** by those communities that have been **failed by the existing market economy** , and where **the idea of 'customers' may not be appropriate**.

Obviously both Social Enterprises and Community Enterprises 'trade' and in that sense they are commercial operations. However Social Enterprises are expected to stand on their own two feet financially and to grow, while Community Enterprises simply would not exist without access to non commercial loans, grants, and contracts, and for these enterprises growth and scale may work very differently.

The current approach seems to be to include Community Enterprises on the Social Enterprise continuum. This inclusive approach has a number of things to recommend it, namely sharing expertise, relationships, and resources. However it also creates a number complications that could be avoided if the two approaches were more clearly differentiated. This report takes the position that Social Enterprise and Community Enterprises operate on different cultural and ideological assumptions, and it should not be necessarily be assumed that they should be supported in the same way or by the same organisation.

A Three Sectors Model

An alternative way of positioning Social Enterprise is a 'Three Sectors' model that includes the Public Sector as well as the Community (not-for-profit) and Private (for-profit) Sectors. The benefits of this model are that takes a larger and more holistic perspective and that it includes more complexity and diversity.
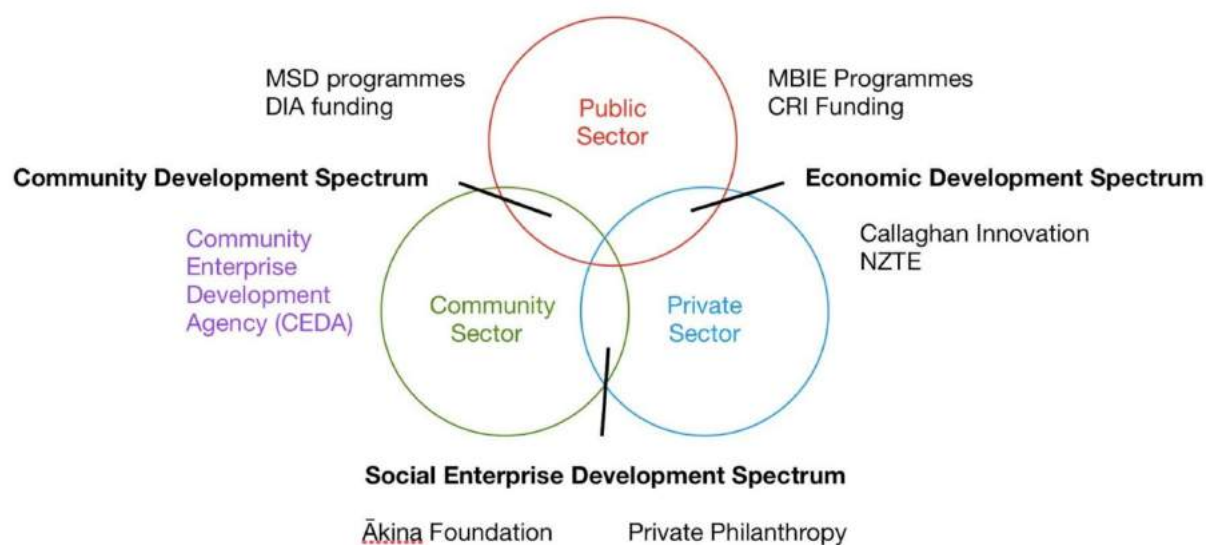
According to this model the 'Social Enterprise Continuum' is not wrong, it's just that it's 'narrow'. In other words, it only describes one set of relationships - those between the Private (for-profit) and Community (not-for-profit) Sectors. The Three Sectors model immediately puts Social Enterprise development in a larger context alongside Economic Development and Community Development, both of which are playing (or could play) important roles bridging between each sector and its adjacent neighbour.

Social Enterprise Development

The role of intermediaries in this space is to act as a bridge between the not-for-profit (Community Sector) and the for profit (Private Sector). This means providing leadership and expertise in both directions, and encouraging the deployment of private capital in order to create positive social impact through commercial trading activities. This intermediation role is currently played by Ākina, as well as several private philanthropic organisations and community trusts. Government has recently stepped into this space as a funder with a commitment of $5M support over three years.

Economic Development

The role of intermediaries in this space is to act as a bridge between the government and the private sector. This means providing leadership and expertise in both directions, and deploying public funds to create better policy and new commercial opportunities. This intermediation role is currently played by organisations like MBIE, CRI's, and NZTE and Callaghan Innovation. Government plays a substantial role in resourcing this space with nearly $200M for NZTE and an

investment of $1B per annum for three years, in the shape of the *The Provincial Growth Fund* with the objective of lifting productivity potential in the regions. [40]

Community Development

The role of intermediaries in this space is to act as a bridge between the government and the community. This means providing advice and support in both directions, and deploying public funds to create better policy and positive social impact in local communities. This intermediation role is currently being played by MSD and DIA, some community trusts, and small not-for-profits. However it could be argued that there is currently no credible, independent, well resourced, capacity building intermediary agency operating at this time in the Community Development space.

Each of these three domains has an important role to play in bridging between the main sectors of our economy and society. Of the three, Economic Development is currently the most well resourced and therefore most active and effective, with several relatively independent organisations operating as intermediaries.

Thanks to the hard work of many individuals, networks, and organisations, and with the input of significant resources from the philanthropic sector, Ākina have established themselves as a credible presence in the Social Enterprise development space. What is missing from this picture is any comparable intermediary in the Community Development space. This possibility will be explored later in the next section of this report.

Benefits of Differentiation

The benefits of clearly differentiating between (a) Social Enterprise Development, (b) Economic Development, and (c) Community Development is that each sector can be serviced by an intermediary that is purpose built to meets those unique needs. All organisations involved know where they fit and what their roles and responsibilities are. People who want to use their services know where to go to get the support they need. Collectively these agencies are able to provide a complete coverage of support and share important skills, knowledge, and relationships across all sectors.

The main benefit to the Social Enterprise sector of having Community Enterprise supported by its own intermediary is that it would not have to try and support projects that do not have a clear business model, or people who are not actually interested in operating a Social Enterprise.
The only obvious downside to greater differentiation is the risk that some of the resources and profile that Social Enterprise sector has enjoyed might start flowing in other directions. The response is obviously to making a compelling case for comprehensive intermediation across all sectors, rather than splitting funding across both Social Enterprise and Community Enterprise development.

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[40] 'The Provincial Growth Fund' - MBIE, *Grow Regions website*.
https://www.growregions.govt.nz/about-us/the-provincial-growth-fund/

Summary

This first provocation has argued for a clear differentiation between Social Enterprise and the range of other strategies available to create positive change. In particular it has argued that Community Enterprise is a distinct proposition and that it should not be assumed that one organisation can successfully support both Social Enterprise and Community Enterprise well - especially if it thinks they are simply different versions of the same thing.

The obvious point of differentiation seems to come down to the ability of the project in question to support itself through its own commercial activity. The current Ākina website is very clear on this point:

> *"Social enterprises are purpose-driven organisations that trade to deliver social and environmental impact."* [41]

If an initiative cannot survive and grow on the proceeds of its trading activities then by this definition it is not a Social Enterprise. It would seem that the Social Enterprise sector could benefit by being more explicit about this and potentially providing some criteria as to whether Social Enterprise is the right approach for you, and what the alternatives might be.

However this issue of differentiation is likely to remain a challenge while there is no alternative agency in New Zealand that is resourced to provide advice for people who want to tackle a pressing social, environmental, cultural, or economic problems in their community, especially when that project has no way of ever be financially self sustaining.

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[41] 'What Is Social Enterprise' - Ākina, *Website*, 2018.
http://akina.org.nz/about/our-story/what-is-social-enterprise/

Provocation 2.
Community Development Agency

Despite several attempts to create one, New Zealand does not currently have a Centre for Social Innovation that could act as a champion for the kind of full spectrum version of Social Entrepreneurship that people like Marshall Ganz, Tamara Kay & Jason Spicer, and Daniela Papi-Thornton seem to be calling for. Such an agency would sit squarely in the middle of the Three Sectors model, and would be responsible for the work of sector integration and whole system stewardship. The Australian Centre for Social Innovation (TACSI), and NESTA in the UK have played this kind of role in those countries for many years.

The other agency that is missing from Social Innovation ecosystem is a well resourced Community Development Agency. This agency would perform the kind of function that CEG successfully provided for 15 years - supporting grassroots, community led projects and community enterprises across the country. This is particularly relevant to the future of Social Enterprise development in New Zealand because it seems clear that (a) the community sector urgently needs investment and (b) people are looking to Ākina to provide this support because it is currently the only organisation with an interest in Community Enterprise that has Government resources behind it.

The second provocation in this report is a recommendation that the Social Enterprise sector consider how it might support the business case for a dedicated Community Development Agency. It took a decade of hard work by the then Hikurangi Foundation, now Ākina, to build an organisation with enough credibility and cross party support to successfully negotiate a funding agreement with the New Zealand Government. There are a number of respected community organisations and networks, and an consortia of these groups would be well placed to lead such a project. Support from the Social Enterprise sector would be an obvious strategic alliance and could benefit both groups.

The Importance of Intermediation

At the Community Economic Development conferences in 2010 and 2011, several of the international speakers shared their experience of working with a specialist Community Development intermediary organisations. The role of this kind of agency is to resource community led projects that have a clear benefit to the community but which are unlikely to - and should not be expected to - return a financial dividend of the kind necessary for them to operate as a for-profit business, or as a viable Social Enterprise. Following on from these conferences the case was made for a Community Economic Development intermediary, and a comprehensive research report produced. [42]

At the Social Capital Markets (SOCAP) conference in 2013, fund managers from several of the largest private foundations in the USA - such as the MacArthur Foundation shared their experience

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[42] 'Understanding the New Zealand Context' - Diane Jennings - *CED website*, March 2014. http://www.ced.org.nz/resources/ced-research-report/

of working with place based Community Development intermediaries to better manage the deployment of philanthropic funds into local neighbourhoods:

> *Effective intermediaries are well-run, knowledgeable organizations with the capacity to grant or invest our funds and oversee their use.* [43]

International research suggests that the development of Social Finance Intermediary agencies that have trusted relationships with the people and places where funds are being deployed is the most impactful way to invest both private and public funds in the wider Social Innovation movement. [44]

Useful Precedents

The story of CEG is valuable for two reasons. The first is essentially retrospective - that organisation did some pioneering work to support Social Entrepreneurship and Social Enterprise in New Zealand, and there are important lessons to be learned from that experience. The second is essentially forward looking. The time may be right to revisit the idea of a Community Development Agency in New Zealand and CEG is a useful precedent for how such an agency might operate.

> *"CEG works with communities and groups on the margins, our support is not just about funding. Although we have a budget of $22.2million to support community enterprise every year, we also provide specialist advice and project support to groups via fieldworkers who use their expertise and networks to help communities and community groups take an idea and make it grow."* [45]

Something like CEG is likely to be needed again if we are to see any positive change in the wellbeing of local communities. Until this kind of specialised and independant support is available we are unlikely to see any large scale 'systems intervention' approach, such as community led development, made available to New Zealand communities.

Another precedent to consider is 'Community Max', the flagship initiative of Social Development and Employment Minister Paula Bennett. Community Max was Introduced by the fifth National Government in 2009, four years after the demise of CEG. It consisted of $40.3 million of funding to support up to 3000 places on community projects for young people "with low or no qualifications whose chances of getting work are limited." [46] While of no strategic value, Community Max did

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[43] 'Using Intermediaries for Impact' - MacArthur Foundation, *Website article*, 4 August 2016.
https://www.macfound.org/press/article/using-intermediaries-impact/

[44] 'Social Finance Intermediaries and Social Innovation' - Michele-lee Moore, Frances R. Westley, and Tim Brodhead, *Journal of Social Entrepreneurship*, Routledge, October 2012.
https://uwaterloo.ca/waterloo-institute-for-social-innovation-and-resilience/sites/ca.waterloo-institute-for-social-innovation-and-resilience/files/uploads/files/social_finance_intermediaries.pdf

[45] 'CEG Supports Community Growth' - Community Employment Group, *Press release*, 22 March 2004.
http://www.scoop.co.nz/stories/BU0403/S00236.htm

[46] 'Community Max: Youth work for communities' - Paula Bennett, Press release, 3 August 2009.
https://www.beehive.govt.nz/release/community-max-youth-work-communities

provide much needed resources that community organisations could use to support young people to involved in community projects.

Addressing Market Failure

In economics the term 'market failure' is used to describe what happens when the allocation of goods and services in a free market is not efficient, often leading to a net social welfare loss. What this means in real life is that if you live in a community where it is not economically viable to sell fresh vegetables (no one can afford to buy them) then the market cannot make any fresh vegetables available. The market is not interested in nutrition, or preserving local horticulture, or creating local employment.

However if a Social Entrepreneur can come up with a way to sell fresh vegetables at a price that people in that neighbourhood can afford, and people buy them in sufficient numbers, then they have created a Social Enterprise and helped address the market failure. The obvious limitation of the Social Enterprise approach is when the market failure is so complete that no matter how innovative the business model is, a trading approach just doesn't work.

When the mainstream economy fails people in fundamental ways, the social contract between the Government and the citizen gets broken. That's when community has to step in. To use the example above - when the community gets together and grows its own fresh vegetables themselves, and gets them into peoples kitchens in the community who need them - that is a Community Enterprise. While some financial resources might be useful to get the project going, having someone turn up and start talking about branding and business models is likely to unhelpful and potentially offensive.

After nearly 35 years of neo-liberal economic ideology where 'the market is always right' - including when it fails entire communities - perhaps New Zealand may be ready to reconsider the role of Government in directly investing into community wellbeing.

Summary

The argument this report is making is for local economic stimulus and direct investment from central Government in Community Enterprise and Community Development. Research in New Zealand and internationally suggests that an independent intermediary organisation represents current best practice in deploying financial resources and expertise. Some of these projects may eventually grow to become viable Social Enterprises and that would be a good outcome. When that happens a dedicated Social Enterprise intermediary such as Ākina would be there to support them to scale and grow their impact in the mainstream economy.

Ākina have demonstrated what is required to create a credible organisation that can partner with central Government to take on the challenge of Social Enterprise sector development. Now may be the right time to consider replicating this success to serve Community Enterprise and Community Development. There are however two significant challenges to overcome before that can happen:

Firstly, while there are some great community organisations operating in New Zealand, these organisations will need to work together if they want to create a credible agency that is capable of more than just 'getting some funding' but in 'partnering with government' and becoming a trusted conduit for both capital and expertise for the community sector. The new agency will need time to

grow and build internal capacity, both with its staff, and with the Community sector that it is there to serve.

Secondly, while there are some great public servants operating in Wellington, the culture of policy development, pilot programmes, and competitive procurement represents a major barrier to Public Sector innovation and building a genuine partnership between Government and Community sectors. There will need to be real leadership and personal commitment shown by politicians and senior officials to change the relationship between the Public and Community sectors. [47]

Establishing a credible, independent, well supported Community Enterprise and Community Development agency would create a comprehensive suite of cross-sector intermediation and provide clear pathways for people to seek support for the positive impact that they want to create. It would also compliment the work done by traditional Economic Development intermediaries such as New Zealand Trade and Enterprise and Callaghan Innovation, and Social Enterprise development agencies such as Ākina.

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[47] 'Effective community-level change: What makes community-level initiatives effective and how can central government best support them?' - Jude Ball and Louise Thornley, *Ministry of Social Development and Superu*, Superu website. December 2015.
http://www.superu.govt.nz/effective_community_level_change_report

Conclusion
Part of a Larger Whole

The goal of this report is to contribute to the sector stocktake process being undertaken by Ākina as part their mission to support Social Enterprise sector development in New Zealand.

The first part of the report described three systemic risks to this project, namely:

1. A lack of awareness of the recent history of Social Enterprise development in New Zealand and therefore a risk of the agencies involved repeating mistakes from the past.

2. Ideological tensions within New Zealand society that are reflected in the Social Enterprise sectors and which have been articulated in two recent critiques of Social Enterprise in the international literature.

3. An economy that has become increasingly unequal and is rapidly becoming more so, and which the Social Enterprise sector needs to find a way to navigate.

The second part of the report presented two provocations for the Social Enterprise sector to consider, namely:

1. Clearly differentiating between Social Enterprise and Community Enterprise with the goal of ensuring that each approach gets the kind of specialised support that it needs.

2. Supporting the creation of a dedicated Community Development Agency in New Zealand that can support Community Enterprise and Community-Led Development in communities and situations where Social Enterprise may not be relevant.

The goal of these provocations is to stimulate conversation and learning. The historical, ideological, and economic tensions described in this report are unlikely to be resolved any time soon and will continue to show up in all aspects of New Zealand society, especially within the Social Enterprise sector. Finding a way for the sector to work with these issues more consciously, and to more clearly articulate a coherent position on them with stakeholders and customers, could be useful.

The challenge facing the Social Enterprise agenda in New Zealand is essentially the challenge of maturity. Social Enterprise is no longer the 'new kid on the block' and the strategy taken to sector development needs to reflect this process of maturation. Part of growing up is realising that there is always a backstory and a larger context to understand. This report has included some tough questions for the Social Enterprise sector to consider. How the sector decides to respond to these will be a sign of its growing maturity and readiness to move forward.

This report has argued that Social Enterprise and Community Enterprise are important and complementary approaches. They need to be understood as different and complementary, rather

than as two versions of the same thing. Conflating them does not honour their respective lineages, and fails to value the gifts that each one brings to the table.

They are *part of a larger whole*.

Social Enterprise can make a substantial contribution to the future, especially if it can influence the prevailing culture of the private sector, for-profit business world to include an awareness of social impact. However for all it's potential benefits the Social Enterprise sector needs to be clear that this is not the only way - or necessarily even the best way - to create positive social change.

A well resourced Social Enterprise development intermediary is an important step in supporting those people who want to start and operate viable Social Enterprises in New Zealand. However the sector needs to be careful about how it chooses to promote Social Enterprise as it moves forward, particularly if it wants to avoid the kind of criticism described in the *Social Enterprise is Not Social Change* and *Tackling Heropreneurship* articles. The key to this will be for sector intermediaries having a strong critical reflective practice and growing organisational cultures that are conscious of ideology, class, and privilege.

The idea of creating a new independent Community Development Agency is worth considering. Ākina has invaluable experience and connections to offer such an initiative. Ultimately the message of this report is that we are stronger together, especially when all parts of the Social Innovation ecosystem are valued and have a secure place to stand.

About **The Author**

Billy Matheson is a Pākehā New Zealander of Scottish, Irish, and English ancestry. He is a designer by training, and as a student was invited to work at Te Papa Tongarewa / The Museum of New Zealand helping create the contemporary wharenui *Te Hono Ki Hawaiki* training under master carver Cliff Whiting. He holds a Masters degree in Adult Education and taught at several tertiary institutions in Wellington between 1999 - 2007.

Starting in 2008 Billy convened the *ReGeneration* youth leadership project which was developed in partnership with the Enviroschools Foundation and the Tindall Foundation. In 2012 he was recruited by the new Auckland Council as their *Principal Advisor in Social Entrepreneurship*. In 2014 he joined the board of *The Enspiral Foundation*, part of the Enspiral network of technology entrepreneurs. In 2016 He co-founded his consulting company, *Experience Agency* and currently works as independent consultant and social entrepreneur

Throughout his professional career Billy has been an active field catalyst and community builder in the Social Innovation space in Aotearoa New Zealand. He is regular speaker at conferences, he organises workshops, trainings and conferences, and hosts retreats and gatherings. He was a speaker at the *Community Economic Development (CED)* conferences of 2010 and 2011. In 2011 he convened the first *Changemakers Masterclass* in association with members of the New Zealand Social Entrepreneur Fellowship. In 2013 and 2014 he developed and taught several Social Enterprise 'foundation courses' in partnership with the AUT Business School. Since 2015 Billy has been the convenor of the *Design for Social Innovation Symposium*, a community of practice for co-design professionals working in Aotearoa New Zealand.