

Building a post COVID-19 Recovery Roadmap Strategic Response of Social and Ethical Enterprises to COVID-19

An RMIT Enabling Capability Platform Research Initiative – A Better Work Start

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State of Play

COVID-19 has brought dramatic negative impacts to the social and economic fabrics of Australia. These impacts can be effectively addressed by social and ethical enterprises - that is, the for-profit and non-profit organisations that can selectively couple economic, social, and environmental welfare logics. However, having a mission to create economic, social, and environmental values, while being confronted with the conflicting demands of various stakeholders, Australian social and ethical enterprises are facing economic and social challenges themselves and hence need to be strategic about how they respond to the COVID-19 crisis.

Their strategies are often strategies-as-practice - that is, something that people do rather than what enterprises have - grounded in the creative and new ways of combining the existing resources to make sure that economic, social, and environmental values are being created and shared by relevant stakeholders in the challenging time of COVID-19.

To that effect, it is important to know:

- How this sector is doing and how researchers and other stakeholders can collaborate with social enterprises to enhance the potential of social entrepreneurship in Australia.
- How social and ethical enterprises in Australia have been strategically responding to all the challenges brought by COVID-19?
- How these challenges were turned into opportunities to learn from them and develop some best practices.
- And if there were any unexpected consequences of their strategic actions and how they remain accountable to their stakeholders during COVID-19.



Impact of COVID-19 on Australian Social and Ethical Enterprises

Critical Issues

COVID-19 has brought multiple challenges to Australian social and ethical enterprises. COVID-19 has deprived many enterprises from their core income sources, including decreased government funding, has broken their supply chains, has created shortages of their budgets and revenues, has put their partnerships and work placements on hold, and has caused staff and volunteers reduction. The lockdown has isolated managers from employees, many of whom are vulnerable groups of people, including women, older persons, migrants and refugees, and persons with disabilities, as well as business partners and customers. This has made managing teams and doing business online challenging (e.g., some jobs cannot be done from home) and costly (e.g., additional marketing and promotion costs). For non-profit social and ethical enterprises, like large traditional charities (e.g., Youth Projects) that work in the area of homelessness and poverty, new challenging questions have risen: How to manage and govern new areas of activity (e.g., homelessness and COVID-19 isolation) within a traditional charity model? How to deliver services and re-engineer delivering those services to people?

Being the top reasons why social enterprises are created in Australia, youth and homelessness services - especially for those with locational disadvantages - have become needed during the pandemic more than ever before. COVID-19 has also uncovered the old tension between the charity model and for-profit social enterprise model yet with no constructive discussion around how charities can become more efficient and self-reliable (instead of relying too much on the government funding). Are social enterprises an adjunct to the work of charities, for example, in the area of homelessness? Will newly formed social enterprises end homelessness or address it better than traditional charities? How can social enterprises compensate for the enormous wealth gap and disparity in Australia? These are some critical issues amongst many others that are of concern for Australian social and ethical enterprises during COVID-19.

Opportunities

COVID-19 has also brought some opportunities to Australian social and ethical enterprises. Going online has opened opportunities to be engaged in online education and to cut operational costs. The pandemic has also created new opportunities for moving away from the core business activities, leveraging from demand driven business models, alternative financial models and building capabilities in producing digital content. COVID-19 has opened the collaborative opportunities to engage with local communities, other social enterprises government and larger businesses. For example, Ability Works - a not-for-profit social enterprise that provides long term employment to people living with a disability or people experiencing social disadvantage - formed a collaboration with the global engineering design firm Aurecon by launching initiatives that allow for providing training and employment for people with moderate to complex support needs. Another example is how Enable - a social enterprise with the vision of a socially environmentally and economically connected community without disadvantage - reprioritised their tech community program, designed and implemented a distribution model for their tech program by getting a large funding partner and using the received funding to create jobs for young people with disabilities. The opportunities to collaborate vertically and horizontally can open the opportunities to develop new value propositions, and even change the notion of what value can be created and shared by multiple and diverse stakeholders.

Key Considerations

- Social and ethical enterprises should be really clear about what social end they are seeking to benefit, who is the beneficiary in what they are doing, and how they know it is important (e.g., asking the right questions and listen to their beneficiaries).
- Social and ethical enterprises should be careful about not duplicating services that are already available freely.
- Social and ethical enterprises should have more stringent outcome measurement because they can't monitor what they don't measure.
- Social and ethical enterprises should focus on a national strategy for social enterprises where things are done collaboratively and not competitively - where we can manage expectations, mutual respect, and building back a system that is less of a jigsaw for people to navigate.
- Social and ethical enterprises should have better policy advocates around the scale of entrenched poverty in Australia.
- Social and ethical enterprises should resist the idea that government is off the hook because social and ethical enterprises will fix it.
- Social and ethical enterprises should effectively use the levers around support payments, tax policy, superannuation, migration skills in education.
- Social and ethical enterprises need to better target data that attracts funding, and that can bring together a fairly diverse and disparate range of interests into addressing these very big problems.
- Social and ethical enterprises need intensive effort around building wealth and local supply chains that locks wealth into those specific locationally disadvantaged communities with the use of incentives that could be gained through social procurement.
- Social and ethical enterprises need more efforts around women's income and employment for the recovery of women's employment post-COVID-19.

The Way Forward

COVID-19 has brought both challenges and opportunities for Australian social and ethical enterprises to stop, reflect and reunite in a crisis around common purpose through redesigning and restructuring the ways they do things and keep up the new momentum. Strategic responses of social and ethical enterprises to the COVID-19 should be:

1. Medium- or short-term oriented, flexible, adaptive, and attentive to details.
2. Based on the ideas of collaboration and connectedness with corporations, researchers, communities, and other enterprises.
3. Not duplicating other enterprises and meeting the needs that are not addressed (e.g., locational disadvantages).
4. Empowered by the government through policies, strategies, and frameworks (e.g., social procurement framework), yet not aiming to replace the government.
5. Measurable to ensure the creation of economic, environmental, and social values that are shared between multiple and diverse stakeholders.

Note

This document has been prepared following a roundtable discussion hosted by RMIT University on 15th October, in which Sue Boyce (Ability Works), Melanie Raymond (Youth Projects) and Julie McKay (Enable) shared their insights on how their enterprises strategically respond to COVID-19. This roundtable was then followed by a workshop on how Australian ethical and social enterprises strategically respond to COVID-19 as part of the Ethical Enterprise Conference 2020 “Re-think, Re-set, Re-boot: Reshaping the Impact Economy” (26th-28th October), sponsored and co-organised by RMIT. As an outcome of these roundtable and workshop, many important conclusions for Australian social and ethical enterprises were made.

The events were organised by Dr Natalya Turkina, Associate Professor Joonas Keranen, Dr Alena Golyagina and Apurva Sharma.

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