

BUILDING RESILIENT SOCIAL ENTERPRISES

in Queensland

REPORT OF
FINDINGS

STUDY BY THE
UNIVERSITY OF QUEENSLAND
BUSINESS SCHOOL FOR
THE DEPARTMENT OF TRADE,
EMPLOYMENT AND TRAINING,
QUEENSLAND GOVERNMENT



THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA

'BUILDING RESILIENT SOCIAL ENTERPRISES IN QUEENSLAND'

A report of findings of a study undertaken by the University of Queensland Business School
for the Department of Trade, Employment and Training, Queensland Government

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ACKNOWLEDGEMENT OF COUNTRY

The University of Queensland acknowledges and respects Aboriginal and Torres Strait Islander Peoples as First Australians. We acknowledge the Traditional Owners and their custodianship of the lands on which UQ is situated and pay respect to their Elders past and present. For over 65,000 years, they've created and shared knowledge, culture, history and language.

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FORWARD

I am delighted to present this *Foreword* to the report *Building Resilient Social Enterprises in Queensland*. This important study was conducted by a team of researchers from the Social Impact Research Hub (*Alliance for Social Impact (ASI)*) and the Indigenous Business Hub within the UQ Business School. The team has undertaken extensive, long-term social enterprise research, and for this project, spent months engaging metropolitan, regional and remote enterprises, including Indigenous social ventures and emerging start-ups through wide consultation. This work included an extensive survey and the development of content-rich case studies, together generating a robust and nuanced evidence based for understanding the Queensland sector.

This study exemplifies the Business School's commitment to **impactful, multidisciplinary research** that informs policy and practice while contributing to the School's broader goal of influencing national and international discussion on social and economic transformation.

The report offers evidence-based insights for practitioners, policymakers, and sector leaders seeking to build a more resilient and sustainable social enterprise ecosystem in Queensland. It addresses several critical knowledge gaps in past research. Importantly, the study identifies and analyses a set of **strategic capabilities** that underpin sustained growth and resilience in social enterprises.

The insights and recommendations contained in this report will contribute significantly to strengthening the Queensland social enterprise sector, supporting best practice, and enhancing its broader contribution to the Australian economy and social wellbeing.

This study also advances the University of Queensland Business School's mission to engage with industry and community for meaningful societal impact. It arrives at a time of renewed focus on the role of social enterprises in addressing pressing social, economic, and



Professor Brent Ritchie | Dean University of Queensland Business School

environmental challenges, a movement gaining momentum globally. Across Europe, for example, millions are employed within the social economy, driving inclusion, sustainability, and innovation where traditional market or government mechanisms fall short. The lessons drawn from such international experiences underscore the importance of the kind of work presented in this report: research that illuminates, connects, and empowers social enterprises to thrive in diverse contexts.

I commend the research team for their rigorous and thoughtful work, and I trust that this publication will serve as both a foundation for decision-making and a source of inspiration for those committed to advancing social enterprise development in Queensland and beyond.



**Adele Laughton | Chief Executive Officer
Queensland Social Enterprise Council (QSEC)**

Over the past decade, Queensland's social enterprise sector has grown substantially, emerging as one of comparable scale and vitality to those in other Australian states. Social enterprises are businesses that pursue a clear social and/or environmental purpose. Collectively, they contribute to the inclusive growth of the Queensland economy, often led by individuals with lived experience of the very challenges they seek to address. However, as with many purpose-driven organisations, Queensland's social enterprises operate in an increasingly competitive and complex environment. The challenges they face, from market access and funding constraints to scaling impact while maintaining mission integrity, are well documented. What is urgently needed are strategies that support financial sustainability and long-term viability.

In this context, this report arrives at a pivotal moment, and QSEC welcomes its insights. It provides thoughtful analysis that will help inform future strategies for growth and sustainability across the sector. Queensland Social Enterprise Council (QSEC) is the state's peak body for social enterprise and purpose-led business. QSEC represents, supports, and advocates for social entrepreneurs and enterprises to drive positive social and economic impact throughout Queensland communities.

This report offers knowledge that can inform ongoing discussions about best-practice approaches for supporting the growth and success of Queensland's social enterprise sector.



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EXECUTIVE SUMMARY

Over the past decade, the social enterprise model has gained increasing recognition as a viable and effective mechanism for advancing inclusive growth and sustained societal well-being. It represents an important evolution in how governments, communities, and businesses address complex social challenges, providing a framework through which commercial activities are leveraged to achieve measurable social outcomes. Queensland's social enterprises exemplify how entrepreneurial practice, when aligned with a clearly defined social purpose, can generate significant economic and social value, reflecting broader national trends across Australia.

In response to Queensland's growing public policy interest in social enterprise development, this study examines the scale, diversity, and developmental pathways of social enterprises across the state, with a focus on identifying the capabilities required for resilience and growth. The research recognises the sector's increasing importance to economic diversification, regional employment, and social inclusion. At the same time, it acknowledges that social enterprises operate within an environment characterised by intense market competition, constrained resources, and increasing policy and funding complexity. Many are required to sustain financial viability while fulfilling their social mission, often without access to the infrastructure, investment, or institutional support available to traditional businesses or charities.

The report also addresses several areas that have received limited attention in prior research, including:

- the metropolitan, regional, rural, and remote divide and its implications for access to markets, infrastructure, and support;
- the role and distinctive characteristics of Indigenous social enterprises, which integrate cultural knowledge and community governance into enterprise models; and
- the vulnerabilities of start-ups, which face elevated risks of failure in their early stages as they seek to establish legitimacy and sustainable revenue streams.

Together, these areas of inquiry provide a comprehensive and contextually grounded understanding of the Queensland social enterprise ecosystem and its contribution to building a more resilient and inclusive economy.

SCOPE AND POLICY IMPORTANCE OF THE STUDY

The *Building Resilient Social Enterprises in Queensland* project was commissioned by the Department of Trade, Employment and Training, Queensland Government. The commissioning of the research responds to a growing recognition within government and industry that social enterprises are integral to driving inclusive economic participation, building community capability, and delivering essential services in areas underserved by traditional markets. The study provides the most comprehensive examination to date of Queensland's social enterprise landscape and establishes an evidence base to inform future government policy, investment, and sector development initiatives. By combining commercial acumen with a strong social mission, these enterprises create innovative pathways for employment, training, and local economic development, particularly within regional and disadvantaged communities. The research purpose and objectives of the *Building Resilient Social Enterprises in Queensland* research project are summarised in Figure 1.





Figure 1: Research purpose and objectives

The framework illustrates the key areas of inquiry underpinning the study, highlighting how the research examines sectoral challenges, growth pathways, performance measures, and ecosystem supports to generate evidence-based recommendations for strengthening the resilience and impact of Queensland’s social enterprises.

RESEARCH DESIGN: A COLLABORATIVE AND MULTI-STAGE APPROACH

Departing from earlier studies that relied primarily on quantitative survey methods, this project employed a multi-stage, action research design to foster collaboration, shared learning, and co-creation of knowledge with Queensland social enterprises. The methodology comprised four interrelated components:

1. a focused review of existing literature to establish theoretical and empirical foundations;
2. the development of a purpose-built database of Queensland social enterprises to map the scale and diversity of the sector;
3. formative, in-depth case studies to capture qualitative insights into organisational experience, capability, and impact, which subsequently informed the design of a targeted survey instrument; and
4. a large-scale survey to test and validate key findings across a broader sample of enterprises.

To ensure contextually informed insights, formative case studies and survey analyses were conducted separately for non-Indigenous and Indigenous social enterprises, enabling the research to reflect the distinct contexts, governance structures, and value systems that shape these different cohorts. This design ensured both methodological rigour and cultural responsiveness, providing a robust foundation for evidence-based policy and practical recommendations.

KEY FINDINGS AND OBSERVATIONS

The findings presented in this section synthesise the evidence gathered through the multi-stage research process, integrating insights from the statewide database, in-depth case studies, and the sector-wide survey. Collectively, the data provide a comprehensive picture of the Queensland social enterprise landscape: its scale, diversity, and the distinctive ways in which enterprises pursue dual social and commercial objectives.

A larger and more diverse sector than previously recognised

The findings provide new evidence of the scale and significance of Queensland's social enterprise sector, revealing a far larger and more diverse presence than previously reported. The study identifies approximately 3,200 social enterprises operating across the State, spanning industries such as construction, manufacturing, creative industries, retail, environmental sustainability, disability, and community services. Collectively, these enterprises make a substantial contribution to employment, regional development, and social inclusion.

All identified organisations combine commercial trading activities with a clearly defined social purpose, deriving at least 30 per cent of their total revenue from trade through the sale of goods, services, or investments. This inclusive definition ensures that both established and emerging ventures are represented within Queensland's growing impact economy.

A mature and broadly engaged sector

The findings indicate that Queensland's social enterprise sector is more mature and structurally diverse than previously understood, with a substantial presence across all stages of organisational development—from start-up and early growth through to mid- and higher-growth phases. This distribution reflects a well-established and expanding ecosystem in which enterprises are not only emerging but also consolidating and scaling their operations.

Queensland's social enterprises now serve a wider range of demographic groups than previously identified. Alongside traditional areas such as employment, training, and disability support, many are responding to emerging challenges including addiction recovery, domestic and family violence, social isolation, and environmental sustainability. This shift highlights the sector's growing adaptability and its evolving role in meeting community needs across Queensland.

Growth trajectories of Queensland's social enterprises

Drawing on over 20 in-depth case studies, the research reveals a sector characterised by community legitimacy, entrepreneurial agility, and mission-driven innovation. Queensland's social enterprises create value by converting market gaps into opportunities for social change, while capturing value through hybrid business models that balance purpose and profit.

Growth in this sector is non-linear. Enterprises progress through recurring cycles of learning, adaptation, and renewal in response to changing markets, policy settings, and community needs. Figure 3 (Social Enterprise Journey) illustrates this dynamic pathway, showing how growth occurs through experimentation and consolidation rather than predictable stages of expansion.

Key patterns identified

- Start-ups face tensions between mission and margin, and between customers and beneficiaries. Organisational form and market positioning shape legitimacy, financing, and credibility, with successful ventures using adaptive business models to turn constraints into capability.
- Growth and established enterprises strengthen governance, systems, and human capital to scale social impact while protecting mission integrity.
- Indigenous enterprises embed cultural continuity, obligations to Country, and relational governance as core capabilities, prioritising community cohesion, cultural sustainability, and intergenerational wellbeing over financial metrics.

Overall, Queensland’s social enterprises function as engines of inclusion, building human, social, and cultural capital where mainstream markets often fall short. Sustained growth, however, depends on addressing systemic barriers in procurement, investment readiness, and access to skilled labour and digital capability.



Figure 2: The social enterprise journey



RECOMMENDATIONS

STRENGTHENING THE QUEENSLAND SOCIAL ENTERPRISE ECOSYSTEM

Drawing together evidence from the case studies, sector-wide survey, and validation focus groups, this section presents a set of actionable recommendations to strengthen Queensland's social enterprise ecosystem. The recommendations are designed to address the key challenges identified across enterprises at different stages of development and to support both practitioners and policy planners in enabling inclusive, sustainable growth.

Across all participants, the most persistent challenge identified was the ability to maintain sustainable income streams while pursuing a social mission. Although the social purpose remains a defining and enduring feature, many enterprises reported recalibrating their commercial commitments in response to changing policy, market, and funding conditions. The inclusion of a significant proportion of high-growth social enterprises within the survey sample provided valuable insight into the strategic capabilities and adaptive behaviours that distinguish high-performing enterprises from their peers and offering a foundation for the recommendations that follow.

ENABLING GROWTH ACROSS THE ENTERPRISE LIFECYCLE

The findings highlight the **multifaceted support** Queensland's social enterprises require to achieve their social missions and sustain growth in a hybrid operating environment. This underscores the importance of coordinated action among government, industry, and community stakeholders to strengthen both individual enterprises and the broader social economy.

Policy directions for government

The Queensland Government is well positioned to act as a strategic enabler by investing in infrastructure, partnerships, and policy mechanisms that address the key enablers of enterprise success. Priority areas include:

- **Technology enablement:** Improve access to affordable digital tools, platforms, and training that enhance productivity, data management, and service delivery.
- **Community support strengthening:** Facilitate programs that foster social participation, local procurement, and community-based innovation aligned with both social and commercial goals.
- **Human resources:** Support initiatives that expand access to skilled personnel, vocational training, and volunteer engagement, particularly in regional and remote areas.
- **Networks and collaboration:** Promote partnerships between social enterprises, commercial businesses, and research institutions to encourage shared value creation and income diversification.
- **Commercial and marketing capacity:** Increase access to marketing expertise, e-commerce platforms, and distribution networks to expand market reach.
- **Institutional and policy infrastructure:** Strengthen both tangible supports (grants, incentives, and subsidies) and intangible supports (training, accreditation, and public endorsement) that enhance sector legitimacy and sustainability.
- **Introduce targeted capability-building grants for social enterprises that align capability development with measurable social and economic outcomes.**

Actions for practitioners

- Leverage existing government and industry programs to enhance operational efficiency and digital capacity.
- Build and participate in collaborative networks that connect enterprises with suppliers, investors, and market intermediaries.
- Invest in marketing and communication capabilities to increase visibility and access to broader markets.
- Advocate collectively for policy frameworks and procurement practices that reflect the dual social–commercial value created by the sector.
- Collaborate on shared digital platforms to improve service delivery and efficiency.

BALANCING ‘MISSION AND MONEY’

A defining feature of social enterprise is the capacity to balance two institutional logics: social purpose and commercial value creation. All participating enterprises emphasised that success depends on maintaining this equilibrium in strategic decision-making. While commercial activity is essential for financial viability, social enterprises agree that growth must remain anchored in mission integrity. To achieve this, organisations must establish clear “guard rails”: principles, governance mechanisms, and accountability structures that prevent mission drift and ensure that social purpose consistently guides commercial decisions.

Policy directions for government

- Embed dual-logic criteria into public funding and procurement frameworks to ensure that both social impact and commercial sustainability are recognised and rewarded.
- Develop flexible reporting frameworks that allow social enterprises to transparently explain trade-offs, risks, and the safeguards (or “guard rails”) they use to maintain mission integrity.
- Emphasise social mission-centred governance within sector development programs, ensuring that commercial growth remains anchored in public benefit and community value.

Actions for practitioners

- Cultivate adaptive capabilities that integrate the dual logics of social and commercial value creation into everyday operations and organisational culture.
- Establish clear governance mechanisms and internal guard rails that keep strategic decisions aligned with social purpose while pursuing commercial opportunities.
- Use impact measurement and reflective learning to monitor how social purpose drives, rather than competes with, commercial performance.

BUILDING STRATEGIC CAPABILITIES

Sustained social enterprise growth depends on the development of a diverse set of strategic capabilities, that range from service quality and governance to financial management and innovation. As in commercial organisations, these capabilities determine how effectively social enterprises navigate market challenges and meet stakeholder expectations while remaining anchored in their social mission.

The study identifies eight key strategic capabilities that underpin growth and resilience among Queensland’s social enterprises (see Figure 4). These capabilities are mutually reinforcing, enabling enterprises to innovate, collaborate, and sustain dual value creation. Consistent with the dynamic capability view, capability development is both context-specific and adaptive, evolving in response to each enterprise’s target beneficiaries, stakeholder relationships, and operating environment.

Policy directions for government

Accelerate sector-wide capability building through:

- Targeted funding to strengthen leadership, digital innovation, and business management.
- Skills and training programs focused on governance, financial literacy, and impact measurement.
- Sector coordination initiatives that enhance collaboration and peer learning.
- Market access programs supporting commercial growth alongside social impact.
- Embed capability-building objectives within economic development, employment, and regional investment strategies to foster sustained sector growth.

Actions for practitioners

The findings reveal the high-growth social enterprises in Queensland succeed by deliberately investing in a mix of market-facing, mission-protecting, and adaptability-building capabilities. The assortment of growth-oriented capabilities reported above provides valuable guidance in their capability building efforts.

- Invest deliberately in a mix of market-facing, mission-protecting, and adaptability-building capabilities, mirroring the practices of high-growth Queensland social enterprises.
- Recognise that capabilities are context-dependent, identifying the strengths most relevant to mission, stakeholder engagement, and competitive context.
- Allocate resources for repetitive learning, experimentation, and renewal, ensuring adaptability in shifting market and policy environments.
- Regularly review and reconfigure capabilities to maintain alignment between commercial performance and social purpose.



Figure 3: Eight strategic capabilities of social enterprises

This figure summarises the eight interdependent strategic capabilities identified across Queensland's social enterprises. These include governance and leadership, innovation and adaptability, stakeholder engagement, financial management, impact measurement, workforce capability, digital enablement, and collaboration. Together, they form the foundation for sustained growth, resilience, and dual value creation.

The featured case studies in the report: Mayi Market (food security in the Cape York region); Bama Services (employment and training for Indigenous peoples); Happy Paws & Happy Hearts (build confidence and return-to-life pathways for socially isolated people); Lovewell café (empower women with vulnerable backgrounds to re-build their lives) and Vanguard Laundry (a self-sustaining commercial laundry that empowers equal opportunities for disadvantaged individuals) demonstrates what capabilities support their growth initiatives.

IMPLEMENTING NEW AND VALUE-ADDING INNOVATIONS

High-growth social enterprises demonstrate that innovation is central to sustaining both social impact and commercial viability. The study found that these enterprises are innovating across four key dimensions of their value chains: products and services, processes, operations, and partnerships, that range from incremental improvements to transformative change. Innovation enables social enterprises to remain competitive, responsive, and mission-aligned in rapidly evolving market and policy environments.

Policy directions for government

- Act as a catalyst for innovation by:
 - Funding targeted innovation initiatives, particularly those that scale proven social impact models or apply new technologies to service delivery.
 - Creating enabling infrastructure, including access to digital platforms, data, and shared facilities that reduce operational barriers.
 - Facilitating connections between social enterprises, research institutions, investors, and industry to stimulate cross-sector collaboration and knowledge exchange.
- Integrate social enterprise innovation into state innovation and industry development strategies, recognising the sector's role in advancing inclusive economic growth.

Actions for practitioners

- Prioritise value-adding innovation across the enterprise by investing in:
 - Product and service development – enhancing or expanding offerings to meet emerging community and market needs.
 - Process innovation – adopting digital tools, improving governance, and streamlining internal systems.
 - Operational innovation – updating marketing, logistics, and supply chain strategies to improve efficiency and reach.
 - Partnership innovation – building new collaborations with corporate, community, and research partners while maintaining alignment with core social purpose.
- Foster a culture of continuous improvement and experimentation, ensuring that innovation efforts enhance both commercial outcomes and social impact.



CHALLENGES ENCOUNTERED AND SUPPORT SERVICES SOUGHT

Queensland's social enterprises face a familiar set of challenges, with financial constraints, including limited access to capital and cashflow pressures—remaining the most critical. This is followed by the ongoing challenge of balancing mission with money, and operational issues such as marketing and advertising, workforce attraction and retention, and organisational management. The study also identified four high-priority areas of support and training needed for sector growth: (1) marketing and digital communication; (2) measuring social purpose and impact; (3) financial sustainability and planning; and (4) organisational development and management. The strong emphasis on impact measurement reflects the increasing need for social enterprises to evidence their dual value creation and attract corporate and government partnerships.

Policy directions for government

- Establish targeted funding programs to improve financial sustainability and access to working capital.
- Invest in training and capability-building initiatives that strengthen marketing, impact measurement, and organisational management skills.
- Provide clearer regulatory and procurement pathways to improve social enterprises' access to government contracts.
- Support the creation of digital platforms and shared infrastructure that enhance visibility, networking, and collaboration across the sector.

Actions for practitioners

- Develop robust impact measurement systems to communicate social value and attract investment or CSR partnerships.
- Strengthen marketing and digital communication strategies to improve market visibility and customer engagement.
- Build financial management and planning capability to improve long-term sustainability.
- Engage actively in sector training and peer-learning initiatives to enhance governance, leadership, and collaboration.

MEASURING PERFORMANCE AND SOCIAL IMPACT

The study identifies three interrelated criteria used by Queensland's social enterprises to assess performance: (1) social value creation, (2) financial sustainability, and (3) social impact. Together, these reflect a holistic understanding of success that integrates purpose and performance. Achieving balance across these three dimensions requires both strong organisational capability and enabling policy frameworks that recognise the dual logic of social and commercial outcomes.

Policy directions for government

- Provide capacity-building programs in impact measurement, financial management, and governance to strengthen sector-wide performance capability.
- Introduce incentives for integrated performance models that align financial outcomes with measurable social value creation.
- Foster scalable social innovation through funding programs that reward demonstrable impact and sustainable business models.

Actions for practitioners

- Embed social value creation within the organisation's core strategy, ensuring that mission drives operational and financial decision-making.
- Strengthen financial sustainability systems, including planning, budgeting, and risk management, to underpin long-term viability.
- Measure and communicate social impact transparently through annual impact reports, building trust with funders, partners, and communities.
- Adopt an integrated performance approach that balances purpose and profit, positioning the enterprise for growth and credibility in the broader market.

INDIGENOUS SOCIAL ENTERPRISES

Indigenous social enterprises are powerful vehicles for economic development, community empowerment, and cultural preservation within Aboriginal and Torres Strait Islander communities. They differ from many non-Indigenous enterprises by prioritising community profit, where benefits flow collectively rather than to individuals, and by contributing to cultural, linguistic, and economic revitalisation that supports intergenerational wellbeing. However, these enterprises continue to face systemic barriers, including limited access to finance, business training, and support networks, as well as geographic isolation and persistent discrimination, which constrain growth and participation in mainstream markets.

Policy directions for government

- Provide targeted investment and funding programs designed for Indigenous social enterprises that recognise collective ownership structures and community-led priorities.
- Develop culturally responsive business support and training programs, co-designed with Indigenous leaders and organisations, to strengthen enterprise capability and governance.
- Improve access to markets and procurement opportunities by embedding Indigenous social enterprise participation within state and regional economic development strategies.
- Facilitate cross-sector partnerships to connect Indigenous enterprises with investors, industry partners, and support services, particularly in regional and remote areas.

Actions for practitioners

- Build long-term, trust-based partnerships with Indigenous enterprises that respect cultural protocols and support community-led decision-making.
- Promote and participate in peer learning networks to share knowledge, skills, and resources between Indigenous and non-Indigenous enterprises.
- Support Indigenous-led governance and leadership development, ensuring that community benefit and cultural integrity remain central to enterprise growth.
- Collaborate with Indigenous organisations to co-design solutions that address local needs while contributing to broader social and economic inclusion.

This report provides clear, evidence-based guidance for policymakers and practitioners seeking to strengthen Queensland's social enterprise ecosystem. The evidence demonstrates that Queensland's social enterprise sector has the capacity to make a substantial contribution to inclusive economic growth, community wellbeing, and regional resilience. With coordinated policy support and cross-sector collaboration, government has a critical opportunity to activate the full potential of social enterprise as a driver of innovation, inclusion, and long-term prosperity for Queensland.



PROJECT SCOPE

SOCIAL ENTERPRISES AND THE SOCIAL ECONOMY

In today's highly competitive environment, social purpose organisations (SPOs) face increasing pressure to deliver sustainable societal value while managing limited resources. In response, the social enterprise model has gained international recognition as a viable approach to driving inclusive growth and achieving long-term social impact (OECD, 1999).

The emergence of the social enterprise model has been largely driven by shifts in public sector governance, particularly through “reinventing government” initiatives (Osborne & Gaebler, 1993) that favour competition and privatisation in public service delivery. At the same time, the rapid proliferation of SPOs competing for a shrinking pool of donor funding has made the traditional non-profit model increasingly unsustainable (Weerawardena & Sullivan Mort, 2006). Consequently, many non-profits are transitioning to hybrid models that combine philanthropic income with commercial revenue-generating activities (Weerawardena et al., 2021).

These developments have led to a convergence between traditional non-profits and social enterprises, with community organisations increasingly adopting the social enterprise model. Social enterprises are particularly well-positioned to address complex social issues, as they integrate the efficiency and resource generation of commercial enterprises with the mission-driven ethos of charitable organisations (Ramus & Vaccaro, 2017). Furthermore, social enterprises contribute meaningfully to the economy by offering products and services that address critical gaps left by traditional markets (Mair et al., 2015).



THE CASE FOR SUPPORTING SOCIAL ENTERPRISES

Social enterprises share the social aims of many social purpose organisations but are distinguished by their reliance on trade and revenue generation to fund their mission. Operating under a hybrid model, they must balance social impact objectives with the expectations of commercial and financial stakeholders. This dual focus enables social enterprises to pursue innovation while delivering sustained value to communities without ongoing dependence on grants or donations (Tortia et al., 2020).

However, the hybrid nature also introduces organisational tension. Internally, social enterprises must carefully balance mission with market pressures. Externally, they navigate a multi-stakeholder environment that includes donors, volunteers, beneficiaries, customers, and government agencies—all of whom may have competing expectations. Compounding this is the broader public's limited understanding of the social enterprise concept. As Hines (2005, p.14) notes, “While the lay person may feel they are fully conversant with the idea of charities, of co-operatives and, to some extent, the notion of community-based organisations, they are much less likely—even if using their products or services—to be aware of the concept of the social business or social enterprise.”

SOCIAL ENTERPRISES IN QUEENSLAND

The Australian social enterprise sector has experienced steady growth over the past decade. As of 2015, more than 12,000 social enterprises contributed \$21.3 billion to the national economy, roughly 1% of GDP, and employed over 206,000 people (Australian Bureau of Statistics, 2015). This workforce is comparable in size to the Arts and Recreation or Mining sectors. While the sector is expanding, it remains smaller than the more established social enterprise ecosystems in countries like the UK and those in Europe.

Queensland's social enterprise sector is vibrant and becoming more established, but estimates of its size vary because studies use different definitions and mapping methods. According to a report commissioned by Jobs Queensland and conducted by KPMG (2019), the state had approximately 300 social enterprises supporting over 4,000 jobs. More recent estimates from Social Enterprise Australia (2023) place the number at 2,174, compared to 3,148 in Victoria. These enterprises contribute an estimated \$3.84 billion annually to the Queensland economy (versus \$5.57 billion in Victoria) (Gales & Khalil, 2022). Queensland Government statements likewise report “more than 2,000” social enterprises in the state and note the sector supported 4,000 (Queensland Government, 2025).

Despite this growth, several key challenges remain, which must be addressed through thoughtful policy and strategic planning:

- **Geographic Disparities:** There is a marked divide between well-established social enterprises in metropolitan areas (especially Greater Brisbane) and those in rural and remote regions, which often lack robust support networks and infrastructure. Queensland's vast geography presents unique barriers not seen in more compact states like Victoria or NSW (KPMG, 2019).
- **Indigenous Representation:** Aboriginal and Torres Strait Islander peoples comprise 6% of the population in outer regional areas, 15% in remote areas, and 49% in very remote regions (Baxter, Gray & Hayes, 2011). The dispersed nature of these communities poses significant challenges to the economic sustainability of Indigenous-led SPOs.
- **Start-Up Vulnerability:** A substantial number of social enterprise start-ups face high failure rates during their formative years, largely due to difficulty in establishing reliable revenue streams.

These three sub-sectors—**regional, Indigenous, and start-up social enterprises**—have been underrepresented in past research and are key focal points of this study.

STUDY AIMS



This study builds on prior research by offering a more detailed, evidence-based exploration of the core issues facing Queensland social enterprises today. Whereas earlier studies have provided broad state-of-play assessments, this research is designed to inform policy and practice by examining the drivers of social enterprise growth and identifying emerging sub-sectors that warrant targeted support, particularly start-ups and Indigenous enterprises.

PART A

DEFINITION OF SOCIAL ENTERPRISES AND STUDY DESIGN



PART A: DEFINITION OF SOCIAL ENTERPRISES AND STUDY DESIGN

DEFINITION

For the purposes of this study, we draw on Barraket et al.'s (2016) definition of social enterprise, defining a social enterprise as an organisation that:

- Is driven by a social, cultural, environmental or economic mission
- Trades to achieve that mission
- Derives a substantial share of its income from trading activities
- Operates with a clearly defined business model aligned to its mission
- Reinvests the majority of profits or surpluses to extend its impact

This definition aligns with international best practice and consistent with studies undertaken in other Australian states. To ensure inclusivity and to better reflect the diversity of the Queensland sector, we made three important adjustments to capture early-stage and Indigenous social enterprises:

- **Revenue threshold:** Unlike KPMG (2019), which requires more than 50 percent of income to come from trading and thereby excludes many early-stage enterprises, we adopt a lower threshold of 30 percent to recognise that start-ups are still developing sustainable revenue streams.
- **Business model requirement:** We include the criterion that an enterprise must have a clearly defined business model with identified income sources that support achievement of its mission.
- **Recognition of Indigenous enterprises:** For Aboriginal and Torres Strait Islander peoples, business is inherently tied to community and country. As First Australians Capital (2023) notes, business is a pathway to economic self-determination and stronger outcomes for people and place. On this basis, all Indigenous businesses can be understood as social enterprises.

This adapted definition provides the foundation for the analysis presented in this report. It frames how we examine the contribution of social enterprises to Queensland's economy and communities, and it guides the way we interpret evidence from across the sector. By adopting a more inclusive definition, we are able to capture the experiences of both established and emerging enterprises, including Indigenous-led initiatives, and to ensure that the recommendations which follow speak to the full diversity and future potential of the sector.



STUDY DESIGN

This study is guided by an action research framework that supports collaboration and co-design with key stakeholders in the Queensland social enterprise sector. Action research is a participatory methodology that embeds research within the social practices and lived experiences of participants. To ensure both depth and breadth of insight, the study employed a multi-stage, mixed-method design that combines qualitative and quantitative approaches.

STAGE 1: TARGETED LITERATURE REVIEW

A focused review of academic and practitioner literature was conducted to inform key lines of inquiry. The review covered:

- Challenges commonly encountered by social enterprises,
- Capabilities critical to sustaining operations and impact,
- Variations in social enterprise business models, and
- Approaches to measuring social impact.

The review also included literature specifically addressing Indigenous social enterprises, whose operating contexts often differ significantly from mainstream social enterprises. Insights from this review were integrated with findings from subsequent stages.

STAGE 2: MAPPING SOCIAL ENTERPRISES IN QUEENSLAND

Using the working definition outlined earlier, we conducted a screening of charitable organisations listed in two key databases:

- Queensland Social Enterprise Council (QSEC)
- Australian Charities and Not-for-profits Commission (ACNC)

This process identified **approximately 3200 organisations** that met our criteria for classification as social enterprises indicated above. Beyond being considerably larger than previous estimates, this finding reveals a sector that is deeply embedded across Queensland's economy and communities. The breadth and diversity of enterprises identified highlights the sector's capacity to deliver social, cultural and environmental impact while contributing to

economic development, job creation, and community resilience. This evidence establishes a stronger baseline for understanding the scale and significance of social enterprises in Queensland and sets the stage for more targeted policy, investment, and ecosystem support.

STAGE 3: FORMATIVE CASE STUDIES

To generate deeper qualitative insights, formative case studies were conducted with a strategically selected group of social enterprises to capture diversity across:

- Metropolitan, regional, rural and remote locations,
- Start-up and mature stage organisations, and
- Indigenous-led enterprises.

Depth interviews were undertaken with social enterprise leaders, both in-person and online. These conversations examined capability gaps, trajectory of growth, barriers to growth, methods of measuring social impact, and the formal and informal support networks that enterprises draw upon. To strengthen and triangulate these insights, we also analysed a range of supplementary data sources, including archival documents, organisational materials, and media coverage. Together, this stage of the research provides a holistic and nuanced understanding of how social enterprises in Queensland operate, adapt, and create impact across different contexts.

STAGE 4: SURVEY INSTRUMENT DEVELOPMENT

Building on insights from the literature review and formative case studies, a structured survey instrument was developed to extend analysis from in-depth cases to sector-wide patterns. To strengthen methodological rigour, survey items were grounded in established social enterprise and social innovation scholarship, while also

tailored to reflect themes emerging from the Queensland case studies. This iterative process ensured that the instrument was both theoretically robust and contextually relevant. The development of the survey therefore makes an important contribution by providing one of the first tools designed specifically to measure the capabilities, value-adding innovations, constraints and performance of Queensland's social enterprise sector.

STAGE 5: STATEWIDE SURVEY OF SOCIAL ENTERPRISES

The finalised survey was distributed to the 3,200 social enterprises identified in our database, with three separate mailout waves used to maximise reach. To encourage participation, respondents were offered a \$50 donation to a social enterprise of their choice, redeemable via donation link or bank details. Follow-up reminders were sent at each stage to improve completion rates.

In total, 308 surveys were submitted, representing a 9 percent response rate. This aligns with typical rates for online surveys, which are widely reported as being comparatively low (Aitken, Power, & Dwyer, 2008). After removing 43 incomplete

responses, the final sample comprised 263 valid cases.

This sample provides the most comprehensive dataset yet compiled on Queensland's social enterprises. The survey offers sector-wide evidence on operational challenges, innovation, and capability development, complementing the qualitative depth of the case studies. Together, these data contribute both to advancing scholarly knowledge and to establishing a baseline evidence platform from which future sector growth, trends and policy impacts can be tracked.

STAGE 6: CO-CREATING RECOMMENDATIONS THROUGH FOCUS GROUPS

Focus groups were conducted with representatives from metropolitan, regional, rural and remote organisations, Indigenous enterprises, and both start-up and growth-stage ventures. These sessions refined the findings and contributed to the co-design of the final recommendations. By grounding the recommendations in both research evidence and the lived experience of social enterprise leaders, the process ensured their relevance for policymakers, funders and sector stakeholders, and provided a clear pathway for strengthening the future of the sector.

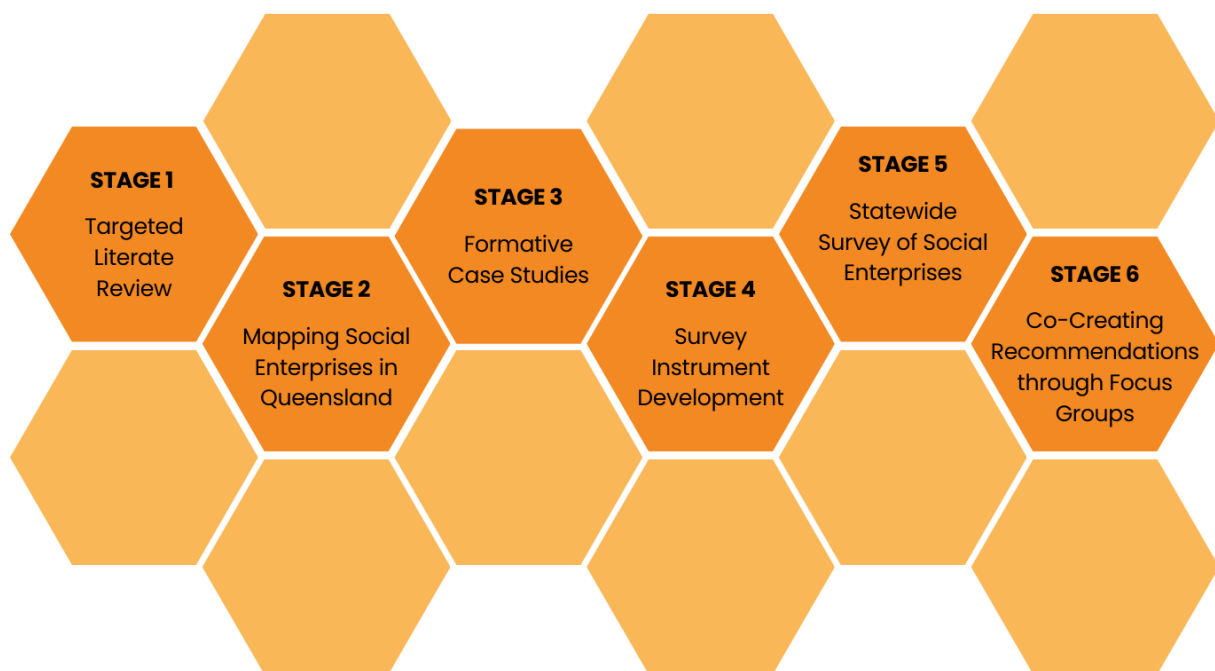


Figure 4: Stages of the study

PART B

INSIGHTS FROM PRACTICE



PART B: INSIGHTS FROM PRACTICE - CASE STUDIES OF QUEENSLAND SOCIAL ENTERPRISES

Queensland's social enterprise sector is moving into a more established stage. No longer confined to the margins, enterprises now operate across diverse industries, from disability services and health care to community arts and food services. Their defining feature is hybridity: the ability to trade commercially while delivering social purpose. This model generates innovation and community value (Weerawardena et al., 2021) yet also forces organisations to balance two logics at once. As Hines (2005, p.14) observed, while most people understand charities or cooperatives, "they are much less likely...to be aware of the concept of the social business or social enterprise." The lack of public recognition continues to limit growth in this sector.

Work-integrated social enterprises represent the strongest area of activity, particularly in disability services where job creation provides tangible outcomes. Yet leaders warn against reducing social impact to employment alone. As one explained, *"It needs to be broader than jobs... There's environmental and climate impact and all of these other silos."* Questions of inclusivity are equally pressing. Indigenous and refugee-led enterprises highlight both opportunity and persistent under-investment: *"We're not doing it well... They need bespoke investment, culturally appropriate and ideally led by people within that community."*

The case studies presented in this section examine start-ups, growth enterprises, established organisations and Indigenous initiatives. These accounts are grounded in extensive fieldwork, including in-depth interviews with 27 founders, CEOs and senior leaders, alongside industry reports and expert commentary. Their voices reveal how leaders are not only navigating but reshaping the challenges of balancing purpose and profit.

The findings point to a clear policy and investment agenda. Queensland's social enterprises are reconfiguring barriers into opportunities, transforming constraints in funding, recognition, and procurement into new platforms for innovation, partnership, and impact. For government, this highlights the importance of procurement reform, targeted investment vehicles, and recognition of social value in contracting. For funders and investors, it underlines the need for tailored finance that supports experimentation, scaling, and culturally specific models of enterprise. Taken together, these voices demonstrate that Queensland is not only building a maturing ecosystem but is also providing models of hybrid social business with national and international significance.



START-UP SOCIAL ENTERPRISES: FINDING VIABILITY AND LEGITIMACY

Queensland's start-up social enterprises demonstrate how founder-led hybrids translate mission-driven purpose into early market choices and relationships while navigating the dual imperative to create social impact and generate revenue. These start-ups begin with clearly defined, purpose-driven intentions, but are required to translate these into operational models in which ideas, services, and products can be sold repeatedly, trusted by gatekeepers, and remain faithful to the social problem that inspired their creation. Drawing on qualitative evidence from four Queensland cases spanning both regional and metropolitan Brisbane, this analysis documents how start-up social enterprises move from a service idea toward a repeatable model by validating product-market fit in practice by piloting formats, refining price points, and identifying market segments and collaborations that aim to access beneficiaries at scale. In parallel, founders work to establish cash flow and secure funding, often constrained by limited organisational capacity, market perceptions, and gaps in business experience. Early collaborations and partnerships often form in close alignment with the founder, typically involving a mix of volunteers, collaborators, and initial employees, as the enterprise determines which capabilities must be built internally and which can be outsourced. In this way, start-ups are required to operate while business foundations are still being developed, and organisational systems are only partially established.

This start-up case highlights how business-model operations and service design influence both early income generation and the building of legitimacy. Organisational form and positioning, such as choosing between a charity, social enterprise, sole trader, or company status emerge not as simple administrative choices but as core strategic decisions. The case further reveals characteristic start-up tensions, including “mission versus margin,” “customer versus beneficiary,” and “visibility versus capacity,” and demonstrates how these challenges are translated into workable strategies. When effectively operationalised, a social mission does not constrain entrepreneurship at start-up; rather, it defines the parameters within which viability and legitimacy must be achieved and managed toward growth.

FROM PURPOSE TO PRACTICE: SERVICE ORIENTATIONS IN START-UP SOCIAL ENTERPRISES

A social enterprise's orientation influences its services, target markets, and value propositions for both beneficiaries and paying customers. In start-ups, these orientations are often shaped by the founder's mission and lived or professional experience. The case reflects the sector's hybridity in Australia, with varied approaches to market engagement, legal form, and organisational structure. This diversity illustrates how early ventures test value propositions, navigate identity tensions, and pursue sustainable impact while aligning social purpose with economic viability in the Queensland market.

Across the four start-up social enterprises examined, service provision emerges as the dominant trading activity, which reflects the broader sectoral trends in Australia (Barraket et al., 2017). Each case shows how mission-driven orientations are operationalised through services that both express social purpose and generate revenue. These range from immersive mobile experiences for older adults, to handwritten letters evolving into workplace training, to accredited oral-health education with advocacy, and culturally safe employment supports for migrant and refugee communities. In each instance, economic activity serves not only as a revenue stream but as a direct embodiment of social mission.

EXPERIMENTING WITH ORGANISATIONAL FORMS

The ways in which these start-ups configure services also highlight experimentation with legal and organisational forms. One founder established a proprietary limited company to project professionalism: *“I didn't just set up a little sole trader... I actually set up a company Pty... it's good to be a company, to have that on my signature.”* Another initially registered as a charity but later sought to reframe as a social enterprise in order to be perceived as a credible service provider: *“we're delivering really high-quality*

training... but we're missing people in the market because they're perceiving us as a charity." Others operated as grassroots associations or community-led collectives, emphasising legitimacy in the eyes of beneficiaries. These choices **reflect deliberate attempts to navigate hybridity, with different forms offering credibility, sustainability, or community legitimacy.** This hybridity also underscores the experimental character of the Queensland start-up landscape.

INNOVATION

Innovation in aligning mission with market opportunities is also a defining feature. The "immersive travel van" exemplifies how service design can itself constitute social impact: *"we're introducing familiarity and novelty... seeing how that sparks memories and conversation and... ownership again of their identity."* Similarly, handwritten letters rooted in lived experience became the foundation for a commercial training program: *"It started as a passion project... tangible impact... others wanted to get involved."* Preventive oral-health education, delivered as accredited professional training, uses pro-bono advocacy to open markets: *"I did that talk for free... and I've got business from it."* In migrant employment services, cultural legitimacy is positioned as a distinctive value proposition: *"86% of refugees are unemployed... that's significant... we need a non-partisan organisation... a middle ground."* These cases illustrate how innovation is not confined to the product or service; it extends to the way mission and market are interwoven to establish viable offerings.

EXTERNAL POSITIONING

A unifying challenge across the cases is positioning, that is how start-ups are perceived by customers, beneficiaries, and stakeholders. Founders repeatedly identified the risk of being seen as "only a charity," "not a real business," or "just a community group." Such concerns reflect the dual logics problem documented in the literature, where social enterprises must operate simultaneously within social-welfare and commercial logics. As one founder noted, *"we want them to see a high-quality service offering that just so happens to have social impact."* The effort to establish service positioning and reputation is especially critical during the start-up phase, when legitimacy is still emerging and stakeholder perceptions can significantly influence access to contracts, funding, and partnerships.

Taken together, these accounts show that orientation and service offerings are not simply operational details but foundational to how start-up social enterprises pursue both viability and legitimacy. Service provision dominates, legal and organisational hybridity reflects strategic experimentation, innovation links mission and market in creative ways, and challenges of positioning underscore the tension of balancing social and economic logics. These insights provide a basis for understanding how business models evolve in practice, and how founders navigate the dual value focus of social enterprises from the outset.

"we're delivering really high-quality training... but we're missing people in the market because they're perceiving us as a charity."

Table 1: Summary of orientations and service offerings in start-up social enterprises

THEME	COMPARATIVE EVIDENCE ACROSS CASES	ILLUSTRATIVE QUOTATIONS
Dominance of Service Provision	Three of the four start-ups rely primarily on direct service delivery (training, immersive experiences, or employment supports) as their core trading activity, consistent with national trends. <i>Services themselves embody mission while providing the main income stream.</i>	<i>"It's about the collective experience where you have 30 plus people... it's not just about the individual; it's about the community experience." (Enterprise A) "If it's a care home... they have to pay... what I do for free is part of my advocacy work." (Enterprise C)</i>
Hybridity of Legal and Organisational Forms	Founders experiment with legal structures to gain credibility, sustainability, or community legitimacy. Forms include proprietary limited companies, charities re-positioned as social enterprises, and grassroots associations. <i>Choices are strategic and linked to how the enterprise is perceived by clients and collaborators.</i>	<i>"I didn't just set up a little sole trader... I actually set up a company Pty... it's good to be a company." (Enterprise C) "We're delivering really high-quality training... but they're perceiving us as a charity." (Enterprise B)</i>
Innovation in Mission–Market Fit	Each start-up demonstrates novel approaches to linking mission and revenue. <i>Services are not only delivery mechanisms but embodiments of social purpose:</i> immersive vans for aged care, letters as pathways to training, accredited health education, and culturally safe employment models.	<i>"It started as a passion project... tangible impact... others wanted to get involved." (Enterprise B) "We're introducing familiarity and novelty... seeing how that sparks memories and conversation and... ownership again of their identity." (Enterprise A)</i>
Challenge of Positioning	All start-ups grapple with external perceptions, whether they are "just a charity," "not a real business," or "only a community group." <i>Positioning strongly influences market legitimacy and access to contracts, funding, and partnerships.</i>	<i>"We want them to see a high-quality service offering that just so happens to have social impact." (Enterprise B) "I did that talk for free... and I've got business from it." (Enterprise C)</i>

BUSINESS-MODEL OPERATIONS AND INCOME GENERATION IN START-UP SOCIAL ENTERPRISES

At the start-up stage, income generation is closely tied to how services are designed, priced, and positioned. In each case examined, business-model operations are not abstract strategies but practical decisions about structuring offerings and communicating legitimacy to attract paying customers while remaining mission-aligned. Fee-for-service emerges as the dominant model, though the ways in which fees are structured, justified, and sustained vary considerably.

Service design as business model solution

One enterprise illustrates how service design itself can function as a business-model solution. By deliberately creating collective, group-based experiences for aged-care facilities, the founder explained, *"we experimented with single-hour gigs, minimum three-hour gigs, and full-day gigs... trying to get the price point right... cheap enough to be desirable and affordable."* This pricing experimentation reflects both market research and operational pragmatism. Importantly, symbolic elements such as *"we give away Polaroids and paraphernalia... it's about the community experience"* serve a dual role in enhancing social impact while acting as a marketing device to reinforce legitimacy. Here, the structure of the service (group rather than individual) makes the business model viable by optimising both participation and unit economics.

Professional transformation

Other ventures have adopted professionalisation strategies to transform personal or community-based initiatives into credible market offers. A mental-health enterprise, emerging from lived experience, confronted the risk of being perceived as "just a charity." As the founder put it, *"we're delivering really high-quality training... but we're missing people in the market because they're perceiving us as a charity... we want them to see a high-quality service offering that just so happens to have social impact."* In this model, revenue is anchored in workplace training contracts, while the original social mission—

handwritten letters of support—remains an integral, visible expression of authenticity. The founder framed this dual logic clearly: *“not only are you going to get this training, but you’re actually going to be able to tell your staff that you’ve supported us to reach people who need help.”* Here, social value becomes a differentiator in competitive service markets, embedded into the customer value proposition itself.

Cross-fertilisation

A third approach relies on cross-subsidy, in which unpaid advocacy is deliberately designed as both market-building and lead generation. As one founder explained, *“if it’s a care home... or a home nursing service... they have to pay... what I do for free is part of my advocacy work and my social enterprise.”* Far from being a drain on resources, advocacy creates visibility that supports the commercial side of the model: *“I did that talk for free... because that gives me an inroad... at those forums... I do that talk for free... and I’ve got business from it.”* This approach builds organisation and brand reputation which is instrumental in securing clients and strengthens the income-generation model.

Finally, one enterprise demonstrates how cultural legitimacy itself can be leveraged as a form of working capital. Focused on refugee and migrant employment pathways, the founder highlighted the problem: *“86% of refugees are unemployed... that’s significant.”* The venture’s model combines culturally specific, community-led services with alignment to mainstream funding mechanisms, particularly the NDIS: *“we can charge for Core Supports.”* Yet financial strategy cannot be disentangled from community positioning. In this case, neutrality is an asset, enabling institutional trust while allowing access to government contracts. The business model is thus a hybrid of grassroots credibility and systemic alignment, where cultural trust is carefully balanced with the demands of formal contracting systems.

Taken together, these cases illustrate the diversity of pathways through which start-ups operationalise their dual value focus. Service design can optimise both impact and revenue, professionalisation can reframe lived experience as a credible commercial offer, advocacy can be retooled as a market-entry mechanism, and cultural legitimacy can function as an asset in securing funding. Across all, income generation and legitimacy-building are not separate tasks but deeply intertwined processes: how a service is structured, priced, and signalled in the market directly determines both who pays and how the enterprise is perceived

GOVERNANCE STRUCTURES IN START-UP SOCIAL ENTERPRISES

Governance structures in start-up social enterprises are inherently formative, adaptive, and often experimental. At this early stage, governance is less about formal hierarchies or mature board oversight and more about establishing legitimacy, managing scarce resources, and aligning decision-making with the founder’s mission. Founders play a central role, shaping governance through choices about legal form, market positioning, and relationships with communities. Rather than relying on formalised systems, these enterprises often use a mix of legal structures, advisory arrangements, and informal networks to project credibility and attract stakeholders.

Negotiating hybrid logics

Research highlights governance as a key site for negotiating hybrid logics—balancing social purpose with commercial viability—within resource-constrained and evolving organisational contexts (Mair et al., 2015). Across the cases examined, governance emerges as both a constraint and an enabling resource: it defines the boundaries of recognition by funders and partners, while also offering flexibility to adapt to change. These practices reveal how legitimacy is built, resources are mobilised, and decisions are continuously balanced between mission fidelity and market responsiveness.

The founder focus

A recurring feature is the concentration of governance authority around the founder. As one noted, “We’re trying to build while we’re running... there’s only so much one or two people can do.” Such founder-led governance reflects the resource limitations of start-ups but also the importance of entrepreneurial drive, in maintaining momentum. Legal form emerges as a central governance decision, strategically deployed to influence how the enterprise is perceived. One founder deliberately incorporated as a proprietary limited company, emphasising that *“I didn’t just set up a little sole trader... I actually set up a company Pty... it’s good to be a company, to have that on my signature.”* This governance decision is less about internal checks and balances and more about projecting professionalism to clients in the health sector. Alternatively other enterprises reported initially registering as a charity but found that governance identity constrained their ability to attract corporate clients. This highlights how governance structures—whether company, charity, or association—are performative in shaping market legitimacy.

Community legitimacy focused governance

Community legitimacy is another axis of governance, particularly for enterprises rooted in migrant and refugee contexts. For these enterprises governance is expressed not through corporate formality but through representational leadership, ensuring that lived experience guides decision-making and that neutrality preserves trust across diverse constituencies. This model prioritises cultural credibility and inclusiveness over traditional corporate style governance, however remains central to sustaining legitimacy.

Together, these cases demonstrate that governance in start-up social enterprises is not yet about institutionalised oversight but about choices that balance mission fidelity, market credibility, and community legitimacy. Founders adopt different pathways—informal, professionalised, charitable, or community-led—but in each instance governance is instrumental to gaining recognition, attracting resources, and holding together the dual logics of social and commercial value.



Table 2: Multi-faceted governance

THEME	COMPARATIVE EVIDENCE ACROSS CASES	ILLUSTRATIVE QUOTATIONS
Founder-Centred Governance	Founders often carry responsibility for governance decisions in the absence of mature board structures. Decision-making is concentrated in small teams; external legitimacy often comes from networks of collaborators and clients.	<i>“At the end of the day, it’s just me making those calls and trying to keep everything moving.”</i> (Enterprise A)
Legal Form as a Governance Strategy	Choosing the right legal structure is seen as instrumental to future growth, credibility, and flexibility. Professionalised forms help secure contracts, while charitable status can constrain market perception.	<i>“It requires a set up... accountants can talk about the benefits of each one, but we have to be the ones to decide which way it actually goes to set it up for, you know, 10 years down the track.”</i> (Enterprise A) <i>“I didn’t just set up a little sole trader... I actually set up a company Pty... it’s good to be a company, to have that on my signature.”</i> (Enterprise C)
Board Development and Professionalisation	Boards evolve from compliance-focused beginnings to more strategic, skills-based membership.	<i>“When I first started... it was literally like ah, I need a board... just to kind of get it compliant and started. And then... we did a recruitment process... very intentional about trying to find people with that commercial lens.”</i> (Enterprise B)
Governance for Professional Legitimacy	Some start-ups emphasise compliance and professional identity over community-led processes. Governance is light-touch but geared toward projecting reliability to institutional buyers.	<i>“It’s good to be a company... to have that on my signature.”</i> (Enterprise C)
Governance for Community Legitimacy	Enterprises rooted in refugee and migrant contexts frame governance around inclusivity and neutrality. Leadership reflects lived experience; neutrality is essential for trust in politically sensitive contexts.	<i>“The best way to address that is again, to set up an entity... which is a kind of... non-partisan, or... non-ethnic, really open to work with anybody.”</i> (Enterprise D)
Hybrid and Adaptive Governance Practices	Governance structures are experimental, reflecting both the opportunities and constraints of the start-up phase. Choices balance credibility, accountability, and adaptability, rather than formal oversight.	<i>“Once we make a decision about which way to go, then we’ll tackle the governance challenges because that’s just like part of it.”</i> (Enterprise A) <i>“Right now it’s a bit of a patchwork—some formal, some just whoever we can bring to the table.”</i> (Enterprise B)

Governance in Queensland’s start-up social enterprises is best understood as provisional and adaptive, rather than institutionalised. Structures are heavily shaped by the founder’s leadership, with decisions about legal form, board composition, and organisational identity used strategically to project credibility, secure access to markets, and build trust with stakeholders. What emerges is a pattern of experimentation: some enterprises professionalise through company structures, others draw on charity or association models, and still others emphasise community-led legitimacy. Across these variations, governance is less about compliance and formal oversight than about managing scarce capacity, signalling reliability to funders and partners, and maintaining fidelity to mission. In this sense, governance functions as a dynamic resource, critical to the pursuit of both viability and legitimacy in the start-up phase.

VALUE-DRIVEN PROCESSES AND VALUE RECOVERY IN START-UP SOCIAL ENTERPRISES

Integration of dual logics

A defining characteristic of start-up social enterprises is that economic and social value are not separate outcomes but co-produced through everyday business processes. In the Queensland cases, value-driven processes are embedded in service design, pricing, and outreach strategies, while value recovery mechanisms centre on building legitimacy, demonstrating impact, and generating reputational capital that can be reinvested into future growth. This aligns with Barraket et al. (2017), who argue that **social enterprises must balance value creation (the delivery of social benefits), value capture (the generation of revenue), and value recovery (the accumulation of trust, legitimacy, and system-level benefits)**. At the start-up stage, value recovery is particularly critical, as ventures lack established reputations and must continually demonstrate that they are credible actors capable of delivering both mission and market outcomes.

Across the cases, founders demonstrated how value-driven processes underpin operational strategies. Service formats are deliberately designed to maximise both participation and impact; as one founder described group experiences in aged-care settings were not just efficient but socially reinforcing, creating a “community experience” that also has social impacts. By focusing on collective activities “it’s about the collective experience where you have 30 plus people” and the service maximised both social interaction and business efficiency, with aged-care institutions paying for sessions that benefitted many residents at once.

In another case, lived experience of mental ill-health became the foundation for both outreach and marketable services. The founder recounted: “I started this enterprise by just writing letters to strangers, sharing my lived experience, and then I realised how much of a difference it was making”. Over time, to sustain this initiative, accredited workplace training was designed to generate income, underpinned by authenticity: “we’ve had people email and say, I was suicidal and I got a letter, and I’m still here”. This dual offering that includes grassroots outreach and fee-based training, illustrates how value creation and value capture can be mutually reinforcing. Impact measurement is central to legitimacy, with this founder noting, “we know that we’ve saved three lives this year”. For this enterprise, value recovery was achieved by leveraging authenticity and evidence of impact to reposition the organisation from being perceived as “a charity” to a social enterprise offering credible training services that align with a social mission.

Preventive health training provides a further example of embedding social value into economic activity. The founder explained, “I started giving oral health talks for free at community groups... and that led to training contracts”. This deliberate cross-subsidy model turned advocacy into pipeline development: “when you’re in front of 50 nurses, you might get three or four that then book training”. The pro-bono component was not incidental but integral, ensuring that service-building advanced the mission while also generating market leads. For refugee employment, culturally safe design was positioned as essential to trust-building, with neutrality and inclusivity ensuring broad community acceptance. In each case, the way services were designed and delivered was inseparable from how value was created and sustained.

Engaging in legitimacy building strategies

Across these cases, start-ups demonstrate that value-driven processes are not limited to “what they sell,” but extend to how services are designed, who participates, and how legitimacy is built. Start-ups consistently used legitimacy-building strategies to secure future opportunities. For some, this took the form of impact reporting, with claims such as having “saved three lives” promoted to demonstrate tangible social outcomes. For others, pro-bono activity was explicitly framed as an investment in reputation and service development, with free presentations yielding paid contracts. Legal form and organisational identity were also leveraged as legitimacy signals, for example registering as a Pty Ltd or repositioning from a charity to a social enterprise sent important cues to stakeholders. Community-led

enterprises, meanwhile, used lived experience and neutrality as credibility assets, building trust that can later be converted into partnership support or government funding.

Taken together, these cases show that **start-up social enterprises in Queensland enact value-driven processes that align mission and operations while simultaneously investing in value recovery mechanisms that enable survival and growth**. Processes such as group-based service delivery, cross-subsidisation, and culturally safe design ensure that social and economic value are embedded in daily activity. Value recovery is achieved through impact evidence, legitimacy signals, and trust-building, which together create the reputational capital needed to target markets and attract resources. In the start-up phase, these strategies are integral to reconciling the dual mission of social and commercial value, and they lay the foundations for organisational sustainability.

CHALLENGES CONFRONTING START-UP SOCIAL ENTERPRISES

Start-up social enterprises in Queensland grapple with a dual set of challenges. Internally, they face organisational constraints such as limited staff capacity, reliance on founder energy, and resource scarcity that hinder their ability to plan strategically. Externally, they must navigate competitive markets, rigid funding frameworks, and government procurement systems that favour scale and established actors. Together, these pressures shape strategic decision-making, resource allocation, growth ambitions, and ultimately, the ability to deliver social impact.

Resource scarcity and Survivalist strategy

Resource scarcity is the defining characteristic of the start-up phase, underpinning many of the other challenges. Founders routinely describe operating at subsistence level, unable to build reserves or invest in infrastructure. One founder explained this precariousness: *“It’s very much, we’re all living steady, steady, not steady, steady... you know, you’re in and out of money”*. The founders acknowledged that upfront funding would enable smoother operations of supply chain resourcing and volunteer coordination, however, notes that without funding they are operating “week-to-week”. Sharing a similar experience, another founder identified the inability to secure consistent funding as the most pressing constraint: *“It’s not sustainable enough for us to say, yeah, we know we’re gonna have X amount of dollars in 2025”*. This cycle of precarious funding locks enterprises into reactive strategies, where energy is directed toward short-term continuity rather than longer-term planning

Such scarcity means founders spend disproportionate amounts of time chasing funding rather than delivering services. As one founder expressed, *“I would love to just wake up every day and only focus on how to get more letters out... instead my time is spent on how do we get more clients”*. This trade-off between survival and mission dilutes direct impact, highlighting the structural problem of undercapitalisation in the start-up phase. This illustrates what Weerawardena & Mort (2006) identify as the “liability of newness” in social enterprises, where thin capitalisation and lack of established legitimacy compound financial fragility. In Queensland’s start-ups, scarcity is not merely a constraint but an organising condition, shaping all other aspects of strategy.

Competition and positioning

Competition and questions of positioning are particularly acute for start-up social enterprises operating in competitive markets. A founder explained, *“The workplace well-being space is huge at the moment and there’s a lot of competition in that space. There are a lot of people trying to deliver training and workshops in that space, so that’s a bit of a challenge”*. The crowded landscape forces the organisation to devote significant energy to differentiating its offer, but this often comes at the expense of mission-focused activities: *“It feels like you don’t have any choice but to put more of your focus [on the commercial side], because otherwise we won’t exist”*. This illustrates the classic tension for social enterprises in balancing social purpose with the commercial imperatives of competitive markets.

For a health start-up, the challenge of positioning plays out in different ways. Competition is less about the volume of providers and more about credibility, intellectual property, and signalling professionalism. The founder described being approached by people wanting to access her material: *“Some people email me ... and want a copy of all my PowerPoint slides and want all my prices and I say no, this is my intellectual property ... you actually need the background in health that I have to actually do the training”*. Protecting her expertise and ensuring that training is recognised as a professional service rather than a community add-on is critical to maintaining her niche. The choice to incorporate as a company was explicitly linked to signalling credibility: *“Another good reason why I think it's good to be a company ... so it doesn't say short little retired lady ... it says my business ... my business credentials and my qualifications”*.

At the same time, positioning can also offer opportunities. A founder competing in health services noted her unique status in the market: *“Ohh I'm the only ... discrete trainer in oral health in Australia. Some people do their dental service and do training on the side ... but I'm the only dedicated trainer”*. This distinctiveness provides a competitive edge, but it also highlights how fragile market niches can be, particularly when operating without the institutional protections available to larger providers.

Taken together, these examples show that **competition is not only about rival organisations but also about how start-ups are positioned and perceived**. These examples further illustrate the broader “dual logics” problem for social enterprises: they must perform as credible services providers in the market while remaining authentic to their social mission, often under conditions of resource scarcity and precarious legitimacy.

Workforce and Volunteer constraints

Workforce limitations significantly restrict the capacity for scaling among social enterprises. A regional enterprise that relies heavily on volunteers explained the logistical hurdles experienced: *“It's kind of rude to ask people to drive from Brisbane down to Tweed Heads for free”*. This dependency on goodwill undermines an enterprise's ability to expand reliably. Whereas another enterprise highlights a different but equally pressing workforce challenge: shortages of qualified professionals in regional areas. The founder admitted, *“We can't get professionals to go to the regions, and that's a huge part of the problem”*. These account point to systemic constraints beyond the enterprise's control, highlighting how workforce availability shapes the geography of impact delivery.

A recurring sentiment across cases is that without the ability to compensate volunteers, scaling remains unattainable. One community-focused enterprise describes the unsustainable burden placed on founders: *“At the end of the day, it's just me making those calls and trying to keep everything moving”*. With limited staff and a heavy reliance on unpaid volunteers, founders are often stretched thin by having to manage operations, administration, and strategic direction single-handedly. The literature on social enterprises underscores the reliance on blended workforces—paid staff, volunteers, and lived-experience contributors—but in start-ups this blend tends to skew unsustainably toward unpaid labour. The result is a heightened risk of burnout, fragile service continuity, and difficulty achieving consistency of delivery.

Strategic trade-offs: Mission vs. Survival

The scarcity of resources amplifies strategic trade-offs, particularly between fundraising and impact delivery. Founders balance their day jobs alongside the enterprise, limiting their capacity to grow sales and market presence. They continuously need to evaluate time allocation to writing grant applications, despite repeated rejection: *“I might spend five hours writing the grant application, but I've been rejected by the last three”*. A sentiment shared by start-up enterprises is that tendering frameworks amplify disadvantage for small enterprises. One founder explained the challenge: as a “very small, very tiny” organisation, it cannot compete with large, well-funded providers who dominate government contracts.

Even when they have relevant expertise and community legitimacy, scale thresholds effectively exclude them. These barriers affect other start-ups as well, where a lack of infrastructure, scale, or the “right” organisational category undermines eligibility to tender. This “too small to tender” problem reinforces market concentration among larger players, leaving start-ups reliant on subcontracting or informal collaborations, which reduces their ability to build sustainable revenue streams.

Partnerships are double-edged for start-up enterprises. On the one hand, collaborations can extend resources and credibility. A founder noted that partnerships with universities, Rotary Clubs, and peak bodies like QSEC “can open the door” to tenders and contracts. When considering the strategic role of partnerships, another founder notes that accelerator programs and mentoring networks provided more practical benefits than grant-seeking. On the other hand, partnerships are often fragile or unequal. For example, reliance on volunteer enthusiasm and resource shortages limit commitment, and the use of free advocacy sessions to build relationships creates value, but these are resource-intensive and depend on personal capacity rather than institutional support. In each case, partnerships provide opportunities for visibility and legitimacy, however, rarely resolve underlying funding constraints.

Structural paradox

Together, these findings reveal a structural paradox. Start-ups are mission-driven, innovative, and community-embedded, yet the very systems designed to support social impact often marginalise them. Grants exclude operating costs; tendering rewards size over relevance; and partnerships, while vital, require resources to cultivate. This forces founders into reactive resource allocation, prioritising survival over strategy, and limits their ability to expand impact. Without reform to funding frameworks and procurement processes, many start-ups risk being locked in a cycle of under-capitalisation, unable to grow to the scale required for long-term sustainability.



Table 3: Challenges driven strategic responses

CHALLENGE DIMENSION	SERVICE PROVISION (ENTERPRISE A)	HYBRID SERVICE: ADVANCING PURPOSE THROUGH TRAINING (ENTERPRISE B)	SERVICE PROVISION (ENTERPRISE C)	COMMUNITY PARTICIPATION (ENTERPRISE D)
Strategic Decisions	Pricing and service formats continually adjusted to achieve affordability and viability.	Repositioning from “charity” to “social enterprise” to be seen as credible.	Pursues tech-enabled innovation (apps, partnerships) to tackle systemic inequities.	Neutral, non-partisan positioning to build trust across diverse communities.
Resource Allocation	Limited founder time (balancing day job + enterprise) restricts investment in sales and marketing.	Only one paid employee; lack of funds prevents staff recruitment despite demand.	Resources directed into free advocacy talks as lead-generation; limited staff expansion.	Founder-led workload is unsustainable; heavy reliance on unpaid volunteers.
Grants & Funding	Limited capital; “scrape by” operations; upfront funding would unlock logistics and storage but is unavailable	Grant rejection common; does not “sit comfortably” within categories; operating costs excluded from most grants	Struggles with eligibility; health focus falls between health service and social enterprise categories; operating support absent.	Acknowledges being “very small, very tiny”; cannot compete for major government contracts dominated by large providers
Growth Ambitions	Aspires to scale nationally (10 vans), but constrained by logistics, costs, and volunteer management.	Sector competition limits ability to scale workplace wellbeing training; sustainability is uncertain.	Growth limited by regional workforce shortages; service coverage weak regional areas.	Scaling constrained by unstable contracts and organisational fragility.
Tendering & Scale	Too small to tender; lacks infrastructure for larger contracts; limited to one van and local reach.	Not positioned for tenders; credibility as a “service provider” undermined by charity label.	Positioning as both clinic and social enterprise complicates tender eligibility; lacks scale for government procurement.	“Not big enough” to tender; larger orgs monopolise settlement contracts; reliant on subcontracting collaboration.
Partnerships & Collaborations	Volunteers enthusiastic but logistics constrain engagement; partnerships remain ad-hoc	Accelerator and mentoring networks more valuable than grants; support provides skills and visibility	Builds credibility through partnerships with health orgs; advocacy presentations double as networking and pipeline building.	Partnerships essential for survival; collaborates with universities, Rotary Clubs, QSEC; academics “open the door” to contracts
Capacity to Deliver Impact	Focus remains on small-scale delivery; inconsistent ability to expand reach without stable resources.	Founder spends more time on funding/client acquisition than outreach; dilutes direct impact.	Advocacy + training create field-level impact, but systemic inequities in oral health remain.	Immediate delivery prioritised, but long-term planning suffers; community trust is strong asset.

The challenges confronting start-up social enterprises in Queensland reveal the structural dynamics that shape enterprise development—namely hybridity, resource scarcity, and positioning pressures. Scarcity compels survivalist strategies; competitive environments heighten the demand for credibility; workforce limitations constrain operational capacity; and persistent trade-offs place mission integrity in tension with financial viability. These are not transient obstacles but constitutive features of the start-up

experience. While social enterprises are sites of innovation, they are also inherently vulnerable, navigating complex institutional and market constraints.

Together, these cases reveal that networks serve as a foundation for growth rather than a peripheral support. Whether through co-design, digital platforms, institutional mentoring, or bridge-building across fractured communities, start-ups actively constructed and reconfigured relational systems to extend capacity. These examples affirm that relational architecture is a dynamic capability central to survival, legitimacy, and scalable impact. For policymakers and sector leaders, the lesson is clear: investing in relational infrastructure through stronger mentoring programs, digital collaboration platforms, and inclusive network hubs is critical to ensure that start-ups can move beyond fragile beginnings and establish sustainable pathways for growth.



PATHWAYS TO GROWTH FOR QUEENSLAND SOCIAL ENTERPRISES

Growth in Queensland's social enterprise sector takes different forms, reflecting the diversity of motivations and strategies among founders. For some enterprises, growth means actively expanding market reach, increasing capacity, and scaling their operations to deliver greater social value. For others, the focus is on strengthening ethical and sustainable practices, choosing a scale of operation that supports the integrity of their mission and allows them to create deep, lasting impact within their chosen scope. Both approaches share a commitment to dual social–economic value creation, but they differ in how they deploy their social business model and engage in value capture and recovery approaches. In the following section we use the term “Social Value Scalers” to describe those enterprises that actively build capacity, networks, and market legitimacy to sustain and extend their social impact, while also acknowledging that scaling is not the only pathway to success. Drawing on qualitative evidence from seven in-depth case studies we explain how Queensland enterprises are navigating growth pathways in the Queensland social enterprise landscape: **early growth** and **mid-growth**.

Early growth social value scalers are in the formative years of their trading activity. They are building a presence in their selected markets, working to establish and align their service offerings to acquire customers and partners. At this stage, the business activity involves securing reliable revenue streams, learning what drives repeat business, and building core capabilities for running operations. Many in this category are also in a period of exploration – testing new services and investigating funding sources that could facilitate or consolidate operations. Some enterprises at this early-stage focus on laying the groundwork for a larger enterprise with broader reach. Whereas for others, it involves establishing a stable, values-led organisation that delivers meaningful impact without necessarily expanding in size, demonstrating that sustainability and mission integrity can be ends in themselves.

Mid-growth social value scalers have moved beyond the uncertainty of early market entry. They have established a clear market position, with multiple revenue streams that reduce dependency on any single source. Their brands have market and funder recognition and are trusted. Their services are supported by tailored offerings that reflect a strong understanding of their customers and beneficiaries. Operations and governance are more formalised, which enables enterprises at this growth stage to build on their mission and quality standards. These enterprises are often shaping their markets, forging strategic partnerships, and introducing innovations to remain competitive. For some, this is a deliberate push for expansion by extending geographic reach, diversifying products and services, and increasing capacity to serve more people. For others, the priority is to consolidate what they have built, focusing on depth of impact, securing operations, and securing sustainability of their business model.

Evidence from the Social Value Scaler case demonstrates that enterprises in the growth phase are not solely about increasing revenue or customer segments. It is about building a resilient enterprise that can sustain its social mission while competing effectively in the market. **In Queensland's social enterprise sector, growth can mean scaling up to strengthen impact or refining operations to preserve mission integrity.** The diversity of these pathways underscores that success in social enterprise is measured not only by size or sustaining market demand, but also by how effectively an enterprise aligns its growth trajectory with its social purpose.

ORIENTATION AND SERVICE OFFERINGS IN EARLY AND MID-GROWTH SOCIAL VALUE SCALERS

Queensland's Social Value Scalers display a diverse mix of orientations that shape how they approach growth. These orientations span profit-for-purpose models, product-based social enterprises, community service NFPs, hybrids, and mission-driven business-to-society operators. This diversity influences not only the products and services delivered to the market, but also how they interpret “growth” demonstrating how some enterprises focus on scaling their impact, whereas other operate sustainably without necessarily expanding in size.



Early growth scalers tend to be focused on building stable foundations: establishing revenue streams, validating market strategies, and refining internal processes. One founder described the challenge of simultaneously building a viable business model and protecting their values: *“We just want to make sure the foundation is strong before we think about getting bigger... growth has to make sense for our mission, not just our revenue.”*

These early-stage operators provided accounts about experimenting with product-market fit, exploring new service opportunities, and strengthening customer acquisition. For example, a community service-oriented NFP explained how their model relies heavily on local engagement: *“It’s about making tools available, so people don’t have to buy them – the real service is the sharing, not just the tools.”*

It is interesting to identify where growth philosophies can diverge. For example, some in the early growth stage see expansion as essential to deepening impact, while others express caution: *“We’re not chasing being the biggest; we want to be around in ten years still doing good work.”*

Mid-growth scalers provide accounts that demonstrate how establishing multiple revenue streams can be leveraged to create a stronger market identity and improved operations. Enterprises in this stage of growth express a more deliberate market orientation, building brand and product customisation to secure competitive positioning. One profit-for-purpose operator explained: *“We’ve gone from proving ourselves to really leading in our space... now it’s about accelerating without losing what makes us different.”*

Mid-growth enterprises also tend to have established funding sources and capacity for longer-term strategic planning. A social impact-focused business described their approach to reinvestment: *“The budget allows for the investment we need to grow – what’s left is given away. It’s 100% of the profit, but growth comes first so we can give more.”*

Evidenced in these accounts is how purposes drives an enterprise, which can also take different approaches. For some, scaling is about widening reach and extending social value, whereas for

others the priority is sustaining ethical, localised operations that remain embedded in their community and core mission. This philosophical divergence underscores that growth in Queensland’s social enterprise sector is not simply a linear progression, but a strategic choice shaped by both values and market realities.

Table 4 below illustrates how social enterprises set themselves apart from pure charities and nonprofit entities through how they operationalise business models to achieve their social mission. In early growth, enterprises focus on establishing their service offerings to secure a modest but reliable revenue base and embedding mission alignment into business practice. Their models often blend trading income with grants, donations, and in-kind support, relying heavily on founder leadership and community volunteering. By contrast, mid-growth scalers have diversified their commercial activities and as result demonstrate more formalised operations that enable them to generate sustainable cash flows and compete directly in commercial markets. While this stage often brings a stronger growth orientation, the diversity of philosophies demonstrates that some will focus on pursuing expansion to strengthen their social impact, while others are invested in consolidating business operations to safeguard mission integrity. Across both stages, business models are designed not only to ensure financial sustainability, but also to express the enterprise’s values, community ties, and social purpose.

Table 4: Comparing business models of social value scalers

FEATURE	EARLY GROWTH SCALERS	MID-GROWTH SCALERS
Revenue Sources	Blended income: small-scale trading, membership fees, fundraising events, targeted grants, and in-kind donations	Diversified commercial activities with multiple trading revenue streams; reduced reliance on grants; some pure profit-donation models
Commercial Activities	Mission-aligned trading (e.g., tool lending, sustainable products, small-scale services)	Broad market offerings competing in commercial markets (e.g., contracting, hospitality, recruitment, consultancy)
Market Positioning	Focused on local community engagement; early market validation; brand recognition aligned with core market segments	Established brand identity; recognised market specialist or provider; established client segmentation, beneficiaries and partners
Operational Structure	Lean, founder-led teams; volunteer involvement; emerging systems and processes	Formal governance and management systems; paid staff supported with some volunteers; self-sustaining operations
External Funding Role	Grants and donations critical to sustaining operations; regular and one-off contributions valued	External funding (e.g. government grants) supplementary; strategic use of sponsorship, partnerships and in-kind support
Mission Integration	Revenue generation closely tied to mission delivery; caution about growth to avoid mission drift	Structured strategies to scale impact; clear alignment of commercial success with mission outcomes
Growth Philosophy	Emphasis on building strong foundations before scaling; some prioritise sustainability over expansion	Pursuit of market growth to strengthen social impact and/or to consolidate mission integrity

GOVERNANCE STRUCTURES IN SOCIAL VALUE SCALERS

For Social Value Scalers, governance is not just an administrative requirement, it is also a strategic mechanism to ensure that the enterprise remains mission-driven while operating in competitive markets. Balancing ‘mission and money’ is a constant challenge for social enterprises, therefore effective governance provides a framework that keeps the organisation focused on its social purpose while ensuring financial sustainability, which enables each enterprise to navigate commercial decisions without compromising their mission. Accounts of governance demonstrate how these social enterprises can bring together visionary leadership and practical oversight. This combination enables Social Value Scalers to operate and sustain their social mission.

Legal formats and structures

Social Value Scalers in this case demonstrate the varying legal formats guiding enterprises in Queensland. A common theme observed is the commitment to transparency and accountability. Several are registered charities with the Australian Charities and Not-for-profits Commission (ACNC) and are also recognised social enterprises through peak bodies such as QSEC and Social Traders.

- Mid-growth scalers tend to have governance arrangements that resemble commercial ventures, with a board of directors providing strategic guidance, overseeing performance, and balancing social and financial priorities.
- Early growth scalers often operate with less formal governance, with some relying on an organised team of volunteers to collectively making strategic and operational decisions. While less structured, these arrangements still aim to keep the mission at the centre of decision-making.

Board composition and expertise

The composition of Boards in mid-growth enterprises reflects a deliberate balance between social mission expertise and commercial capabilities. This mix is seen as essential for navigating the inherent tension between purpose and profit. For example, mid-growth enterprises that had established formal boards incorporated a diversity of professional backgrounds that would allow for well-informed decisions on operational scope, legal compliance, business models, grassroots innovations, and resource strategies. Whereas early growth enterprises demonstrated less formalising governance practices but expressed intentions to move towards a Board of Directors to strengthen strategic oversight and guide future planning for scaling.

Strategic governance priorities

Across both early and mid-growth stages, governance plays a central role in identifying and managing key strategic areas that enable the enterprise to balance mission and money. These priorities often include:



Figure 5: Strategic governance priorities

For early growth scalers, governance often centres on operational resilience and clarifying decision-making processes as they transition from founder-led management to shared leadership. For mid-growth scalers, governance also incorporates strategic growth management with the view to driving reach and strengthen the approaches being developed to ensure social mission alignment. In both stages, the strength of governance lies in its ability to anchor the organisation in its mission while enabling it to operate as a capable, competitive player in its market (see Table 5 summarising governance features).

Table 5: Governance structures of social value scalers

FEATURE	EARLY GROWTH SCALERS	MID-GROWTH SCALERS
Legal Format	May be incorporated associations, NFPs, or newly registered charities; recognised as social enterprises through sector networks (e.g., QSEC)	Often registered charities with ACNC; formally recognised as social enterprises by Social Traders and/or QSEC
Governance Structure	Informal or semi-formal arrangements; decision-making often founder-led or managed collectively by volunteers	Formal Board of Directors providing strategic guidance, accountability, and oversight
Board / Leadership Composition	Limited formal board membership; leadership often comprises founders, close collaborators, or active volunteers	Diverse professional expertise (e.g., legal, finance, psychology, operations, marketing) represented on the Board
Strategic Focus of Governance	Operational resilience, safeguarding mission in early market growth, clarifying decision-making processes	Strategic growth management, balancing mission with expansion, risk oversight, market positioning
Key Governance Challenges	Transitioning from informal to formal structures; defining roles and responsibilities; building governance capacity	Managing scale without mission drift; ensuring financial transparency; aligning board expertise with evolving needs

VALUE-DRIVEN PROCESSES AND VALUE RECOVERY

“Value creation” in social enterprises refers to how they produce social and economic value through their activities. For Social Value Scalers, value creation is the way they transform mission into tangible social and economic outcomes, which is often motivated by addressing market failures or unmet community needs. These enterprises not only deliver direct benefits to their customers and beneficiaries but also shape the markets and systems in which they operate. Early growth enterprises in this case study tend to focus on verifying approach or model and building local legitimacy, while mid-growth enterprises have greater capacity to influence industry practices, or local community resourcing with the vision to scale social impact.

Early growth social value scalers: Building value and legitimacy

In early growth, value creation focuses on introducing new models into communities and showing they can work. Examples evidenced in this case includes:

- **Creating new market mechanisms:** For example, an early growth founder described their innovation as *“no one has ever created a platform by which volunteers are rewarded for their activity”*. This approach brought market-like incentives into the volunteer sector, making the invisible contributions of volunteers visible and valued. This innovation has established a system that helps nonprofits retain volunteers, as well as enabling businesses to support volunteering.
- **Raising product and industry standards:** In the textiles sector, one founder is challenging the industry’s “race to the bottom,” committing to process that enhance sustainable products that last, as well as providing full supply chain transparency. The purpose of the enterprise is to not only delivered high-quality, sustainable products but to also demonstrated that circular economy principles can underpin a viable business model.

- **Normalising new consumption models:** Value creation can also involve pioneering new concept, such as a “library of things” in a local area that can change. As one social enterprise explained: *“We’ve had over 1,300 loans go out to members, everything from gardening equipment to camping gear... it’s all about making these things accessible so people can try projects they might not otherwise do”*. Success of the enterprise requires educating potential members and building trust in a sharing model, delivering both environmental and social value by reducing waste and fostering community connections.

Exemplified by the early growth case examples is the creativity in developing value recovery mechanisms that blend modest trading and income supplemented by grants, donations, and in-kind contributions. In this stage of growth, enterprises demonstrate how prioritising community engagement creates value that aligns with the social mission to steadily increase self-generated income.

Mid-growth social value scalars: Scaling impact and shaping markets

Mid-growth enterprises operate with confirmed business models and an established market presence, enabling them to focus on strengthening their influence and expanding their value proposition. Examples evidenced in this case includes:

- **Integrating mission into industry-leading practice:** A profit-for-purpose enterprise competes directly in a commercial contracting market, offering a full suite of services while donating *“the entirety of our profit... a hundred per cent”* to charities. This challenges industry norms, showing that a trade business can be commercially competitive and socially driven.
- **Embedding ethics in supply chains and customer experience:** For example, an enterprise uses purchasing power to support human rights and sustainability, stating, *“How we spend our money is how we are trying to impact change”*. By selecting only suppliers meeting strict environmental and social criteria — even after *“months and months to sift through all the suppliers”* the enterprise is influencing the wider commercial sector towards fairer, more sustainable sourcing.
- **Hybrid value creation through integrated services:** For example, enterprises create value through work-integration that combines selling mainstream services (e.g., in hospitality) while also providing holistic employment and recovery program for survivors. *“We work with women from vulnerable backgrounds... assist them to rebuild their lives and enter training and employment or start their own business”*. Hospitality customers contribute to the social mission with every purchase, blending commercial and social value in a single transaction.

Mid-growth value recovery models are more self-sustaining, with diversified trading income and external funding playing a supplementary, strategic role. These enterprises demonstrate how commercial activities, such as customer-facing services, contracting, and B2B services, generate sufficient income to cover operational costs. Surpluses are then directed towards mission delivery, whether through reinvestment in programs, profit donation, or expanded service delivery. In this way, value recovery mechanisms enable the enterprise to compete commercially while simultaneously scaling their social impact.

Strategic role of value creation and recovery in scaling

The hallmark of a Social Value Scaler is the ability to align commercial success with social impact.

- **Early growth emphasises proving the model,** community engagement, and blended revenue streams to cover costs.
- **Mid-growth focuses on scaling market influence,** diversifying income, and embedding mission-driven practices into competitive, sustainable operations.

CHALLENGES FOR SOCIAL VALUE SCALER

While Social Value Scalers share a commitment to aligning mission and market activity, the challenges they encounter vary in scope and complexity depending on their growth stage. Across both early and mid-growth stages, these challenges influence strategic decisions, resource allocation, and the decisions made about scaling or consolidating their impact.

Early growth scalers: Proving viability under constraint

For early growth enterprises, the dominant challenges are about *proving the model* while managing limited resources and unpredictable funding streams. Several early-stage founders described the difficulty of accessing appropriate investment or grant funding at the scale they operate. One founder working in a circular economy niche explained that current regulations made it harder to access suitable materials, which creates a bottleneck for production. These restrictions were compounded by the investment landscape: large-scale infrastructure investors were uninterested in enterprises of their size, while smaller funders lacked the capacity to back the mid-tier infrastructure needed. As the founder put it, they face “an elephants talking to mice problem” where a **social enterprise is stuck between systems designed for either micro-scale community projects or large corporate ventures**.

For other early growth operators, sustaining cash flow during the establishment phase required a delicate balance between generating income through trading activities and maintaining strong community relationships. In one community-based enterprise, all operations were volunteer-led, meaning that while staff costs were minimal, there was constant pressure to retain and engage volunteers. The founder emphasised the need to “keep the momentum going” with events, outreach, and personalised member engagement, which are activities essential for growth but often difficult to resource when administrative capacity is limited.

Mid-growth scalers: Managing complexity and sustaining momentum

By the mid-growth stage, Social Value Scalers have proven their model but face the more complex challenge of **managing scale without compromising mission integrity**. Funding instability remained a persistent issue: corporate sponsors often preferred to back large, nationally recognised causes, leaving locally focused enterprises competing for smaller pools of philanthropic support. “*The bigger ones just want something that’s national and they can shout about doing,*” the CEO noted, highlighting the mismatch between funder priorities and the organisation’s place-based mission.

Other mid-growth enterprises described sector-specific challenges. One professional services operator experienced hesitation in the marketplace due to wider economic uncertainty, with clients becoming “*a little gun shy*” on new contracts. The founder reflected on the personal learning curve involved in leading growth: “*I’ve never scaled an organisation to the size I want to scale this one... just trying to be realistic about ability versus ambition.*” This self-awareness prompted changes in financial management, including delaying profit distribution to maintain cash flow resilience.

Despite the differences in scale and sophistication, common challenges cut across growth stages:

- **Financial instability:** reliance on short-term grants or project-specific funding, unpredictable revenue streams, and limited access to growth-stage investment.
- **Systemic and regulatory barriers:** sector-specific constraints such as material classifications, procurement rules, and infrastructure funding thresholds.
- **Market positioning tensions:** balancing local focus with broader market opportunities and aligning mission-driven choices with commercial competitiveness.
- **Operational strain:** limited staffing capacity, dependence on volunteer labour, and the demands of running both mission-driven and market-facing operations.

RISKS OF VALUE CO-DESTRUCTION IN COLLABORATION AND PARTNERSHIPS

While collaboration and partnership are often celebrated as pathways for resource sharing and innovation in the social enterprise sector, the case study interviews reveal that such arrangements can sometimes undermine value rather than enhance it. In the research literature this concept is called *value co-destruction*, which occurs when alliances inadvertently divert scarce resources, impose restrictive conditions, or erode trust, leaving enterprises less able to deliver on their social mission.

Early growth social value scalers reported particular vulnerability to this dynamic. Lacking established revenue streams, they often pursued multiple collaborations in search of legitimacy, visibility, or resources. Yet these partnerships sometimes led to hidden opportunity costs. For example, one founder reflected that small grants and donor-funded projects required significant reporting and compliance:

“We spend almost as much time writing applications and acquittals as we do running the actual program.”

This suggests that while external support provided short-term lifelines, the administrative burden constrained capacity for core activities, slowing the development of sustainable trading income.

Similarly, some early-stage operators described pressures when partners-imposed design requirements that diluted their mission focus. As one explained:

“Everyone has their own agenda, and sometimes you end up trying to fit into their box rather than staying true to what you set out to do.”

These examples highlight that collaboration, while essential, can also fragment strategic focus when funder or partner priorities misalign with the enterprise’s vision.

Mid-growth scalers also reported instances where partnerships produced less value than intended. Larger enterprises with established commercial arms found that corporate or donor partnerships sometimes came with restrictions that limited responsiveness:

“There are conditions attached; you can’t always fund what you know has the most impact. You end up shaping programs around what they want reported.”

In such cases, external funding which is meant to strengthen growth, can actually create adaptive tension, forcing compromises that limit innovation or undermine community trust. One founder noted how over-reliance on a single donor created reputational risk:

“If that funding stops, you’re suddenly scrambling. And in the meantime, you’ve shaped everything around their requirements.”

Taken together, these experiences suggest that the collaborative imperative in social enterprise carries not only opportunities but also risks of *mission drift* and *resource diversion*. In this sense, the Queensland cases remind policymakers and funders that partnerships should not be assumed to be inherently beneficial. When poorly aligned, they risk co-destruction of value by consuming resources, constraining innovation, or eroding trust with stakeholders.

For many enterprises in this case, adaptation delivered more than continuity, resolving immediate operational challenges while building long-term strategic capacity. These shifts show that capability development is a lever for scaling social impact, with process reconfiguration, sharper market positioning, and network activation shaping whether enterprises stalled or secured growth. From a policy perspective, these trajectories reinforce that growth is not accidental but the outcome of enterprises’ ability to sense, seize, and reconfigure opportunities (Weerawardena & Mavondo, 2011). To accelerate this momentum, government, intermediaries, and sector leaders must embed supportive policy settings, strengthen growth pathways, and unlock investment that enables social enterprises to deliver both economic returns and transformative social outcomes.

MARKET LEADERS WITH A MISSION: ESTABLISHED SOCIAL ENTERPRISES IN QUEENSLAND

Established social enterprises in Queensland represent the sector’s most mature organisations. Unlike start-ups still testing viability or growth-stage ventures consolidating their footing, these enterprises operate with stable business models, diversified revenue, and a track record of social impact. Their competitiveness is sustained through clear market positioning, brand strength, and the capacity to reach varied customer segments across multiple business modes. This diversification supports resilience in volatile conditions and strengthens their ability to align commercial opportunities with mission advancement.

At this stage, organisational depth becomes a defining feature. Established enterprises typically manage large teams, formal governance systems, and distributed leadership structures, enabling them to scale operations while upholding social purpose. Their maturity also positions them to influence policy, reshape industry practice, and innovate at scale, reflecting arguments that sustained impact requires continuous business model adaptation and renewal (Weerawardena et al., 2021). This section profiles five Queensland enterprises to illustrate how they navigate the strategic tensions of growth, diversification, and impact measurement, and how they act as sector leaders modelling sustainable social value creation.

DELIVERING AT SCALE: ORIENTATIONS AND OFFERINGS

Established social enterprises in Queensland operate with wide-ranging orientations and service portfolios, reflecting the sector’s breadth and maturity. Analysis of our cases suggests two key dimensions: the diversity of operational domains, and the strategic development of platforms and programs to deliver on mission at scale.

Diverse operational domains

The established enterprises studied in the case illustrate the varied social challenges being addressed across the state. Some orient their mission toward *disability inclusion and employment pathways*, positioning job creation as central to enhancing independence and quality of life. As one CEO explained, their enterprise exists to “centre people’s value around having and maintaining a job and an income,” recognising this as a foundation for broader wellbeing. Similarly, another leader noted that their organisation emerged from “a community of people with disabilities who were long-term unemployed, excluded from a highly competitive labour market.”

In contrast, other established enterprises work at the intersection of social isolation, psychological wellbeing and animal welfare. One organisation highlighted that it was founded “*to address social isolation... showing the impact that rescue animals can have in creating a sense of purpose*”. Others operate in highly commercialised markets—such as large-scale laundry services—while still embedding a strong mission to employ individuals who face significant workforce exclusion. This continuum of orientations demonstrates how established social enterprises both respond to entrenched social challenges and compete in mainstream markets.

Multiple platforms and service offerings

A defining feature of established enterprises is their ability to develop multi-faceted service platforms that sustain their mission and extend their reach. Rather than relying on a single program, these enterprises build diverse “ecosystems” of initiatives that reinforce both impact and sustainability.

For example, one cooperative has created a suite of initiatives: community cafés staffed by people with disabilities, a mobile food trailer that allows disadvantaged people “*to test their business ideas,*” and

large-scale environmental maintenance contracts with local councils. As the CEO explained, *“Our organisation started from out of a community organisation and the needs of participants... who were people with disabilities who were long-term unemployed. They had struggled to find work. The labour market had excluded them.”* These diverse “food spaces” and “green spaces” not only generate revenue but also provide training and employment pathways. The same organisation has expanded into refugee workforce programs, providing English language and vocational training to prepare people for employment, and offers enterprise development services to help incubate other social businesses.

Similarly, a disability-focused enterprise has structured its activities under seven service streams that range from commercial businesses and nurseries to supported housing, training, and coordination services. Its philosophy is clear: *“People with disabilities work in every part of our business – reception, administration in our employment sites, cafés, nurseries, warehousing, manufacturing.* This multi-stream model ensures that inclusion is embedded across every operational unit, while its branding promise, *“One door to open many,”* conveys a commitment to building multiple pathways into community and economic life.

Other organisations working on social isolation and wellbeing have developed layered program models. One enterprise noted, *“Essentially, [we] were set up to address social isolation... here, we have shown the impact that animals, and rescue animals in particular, can have in terms of creating a sense of purpose.”* Their offerings extend across six distinct programs, including in-shelter and in-shelter intensive programs, online and online intensive formats, an “Explore” program, and a tailored “Defence families” program. This capacity to diversify formats reflects a maturity in **designing responsive service systems** that adapt to the varied needs of socially isolated individuals.

Finally, commercially-oriented enterprises such as those in the laundry sector demonstrate how established social enterprises sustain social impact while competing in high-volume industries. By targeting contracts across healthcare, aged care, hospitality, accommodation, and agribusiness, these enterprises generate stable revenue flows. As one leader explained, their mission is to *“create more employment opportunities for disadvantaged people in the region who have faced challenges to join the workforce,”* showing how market competitiveness and social inclusion can be tightly integrated.

Taken together, these examples illustrate how **established social enterprises in Queensland create multi-platform service systems that combine commercial activity with tailored social initiatives.** Through cafés, maintenance contracts, housing, training programs, animal-assisted wellbeing, and large-scale commercial services, they extend their mission while embedding disadvantaged communities into mainstream economic and social life.

Disability employment services as a defining orientation

Among established social enterprises in Queensland, disability employment is one of the most prominent and enduring orientations. These enterprises operate on the principle that access to meaningful work is central to independence, wellbeing, and social participation. As one CEO reflected, *“It’s a sacred mission... we exist to enhance the lifestyle and independence of people who live with disabilities. We largely centre people’s value in their life around having and maintaining a job and an income.”*

This employment-oriented mission shapes both the strategic direction and the service architecture of these organisations. For example, one cooperative explained that it grew directly from *“the needs of participants... who were people with disabilities who were long-term unemployed. They had struggled to find work. The labour market had excluded them.”* By positioning employment as the gateway to dignity and inclusion, these enterprises highlight how social enterprise can challenge entrenched inequalities in the labour market.

To achieve this, established disability-focused social enterprises embed opportunities across multiple business units. One organisation captures this philosophy in its slogan, *“One door to open many,”* reflecting the creation of diverse entry points into employment—from cafés and nurseries to manufacturing, warehousing, and administration. The **disability employment orientation also reflects a distinctive model of sustainability**. Unlike welfare or charity-based approaches, these enterprises harness commercial contracts and diverse service platforms to sustain long-term roles for people with disabilities. Whether through environmental maintenance contracts, large-scale commercial laundry, or integrated housing and training services, employment remains the central measure of success.

In short, disability employment is not only a service domain but a strategic orientation for established social enterprises in Queensland. It positions them as sector leaders in demonstrating how social purpose and market competitiveness can be aligned, while providing an institutional model for inclusive employment at scale.

BUSINESS MODELS IN ESTABLISHED SOCIAL ENTERPRISES

Established **social enterprises in Queensland pair commercial perception with mission clarity**. Their models are not a set of side projects that subsidise a cause, they are the engine that makes the cause sustainable. Across our cases, four patterns stand out: a deliberate shift toward financial autonomy that protects mission, diversification into multiple commercial arms that open pathways and reduce risk, market-based income as the core revenue logic, and a disciplined habit of adapting business models as conditions change.

Financial autonomy, on purpose

Mature leaders describe a conscious decision to fund as much mission activity as possible through earned income. The driver is not a rejection of grants; it is a refusal to let changeable funding cycles set the pace of impact. As one CEO put it, *“we’re trying to move away from reliance on government funding because it changes all the time and it’s not easy and we’d rather be masters of our own destiny by having our own commercial businesses or social enterprises that can create an income stream for the people who work within them and for the business itself so that we can fund new initiatives.”* The philosophy is echoed by another leader who resisted building a fundraising machine for a traditional charity: *“I certainly didn’t want to contribute to the flood of not-for-profits that were already available in Australia. I didn’t want to run a fundraising team either... it was definitely set up to be a social enterprise service income generating organisation, rather than a fundraising... organisation.”*

Financial autonomy, in this view, is not only a buffer against market changes, rather it is the precondition for faster experimentation, for backing ideas that serve beneficiaries yet fall between public program lines, and for sustaining proven initiatives even when policy emphasis shifts.

Diversified commercial arms that carry the mission

Established enterprises do not rely on one product or one customer segment. They build portfolios of commercial units, each with its own market and each designed to carry the mission forward. One leader captured the approach succinctly: *“Every business has got a niche segment, because every business is different. So, if you talk about the nursery, they’re targeting wholesale nurseries and landscapers. If you talk about the café at the airport, they’re targeting that transient population... in manufacturing... mailboxes... bin enclosures... warehousing and supply chain services and pick and packing... they’ve all got niche businesses.”* This strategic approach to tailoring different services is paired with commercial-based solutions. A community cooperative runs “food spaces” and “green spaces,” where cafés and catering generate trading income and on-the-job training, and council maintenance contracts create steady jobs in mowing, hedging and trimming.

Commercial diversification is not limited to hospitality and maintenance. A leader of a laundry enterprise is explicit about the demonstration effect for the sector, *“Our aspiration has always been to inspire a model of large-scale employment opportunity through commercial laundry as a mechanism.”* Another large enterprise describes the breadth of its B2B reach and its circular flows: *“we have literally thousands of customers. From very large customers like Australia Post, Coca-Cola, ... BlueScope Steel... we have some very large customers who provide for the commercial services we provide. And then we sell commodities... we sell that to downstream buyers ... there is some incentives... through the NDIS... but there’s a fair bit of commercial input through that.”* These accounts show how mature social enterprises compete head-to-head in mainstream markets while embedding inclusive employment into the heart of operations.

Market income as the core engine

Although grants and philanthropy remain part of the mix, the weight of income in established enterprises comes from trade in services and goods. This choice underwrites resilience and credibility with customers. One cooperative report, *“approximately 25 to 30% of funds from the government, with the balance coming from commercial gardening and hospitality.”* Another enterprise is similarly clear about its split: *“65% of income from business operations and 35% from grants and philanthropy.”* A multi-unit disability enterprise emphasises trading across nurseries, cafés, manufacturing, warehousing, supply chain and packaging. The pattern is consistent across cases. Market revenue anchors predictable cashflows, while external funding supports targeted developments, new cohorts or specific program intensities.

This income architecture strengthens market positioning. Contracts in healthcare, aged care, hospitality, accommodation and agribusiness stabilise throughput for commercial laundries. Local government maintenance schedules underpin parks and village contracts. Hospitality venues capture transient and community demand while training is embedded into the work itself. **Mission is not an add-on to commerce, it is designed into who gets hired, what gets delivered and how value is recovered.**

Flexibility and adaptation as a capability

Finally, the most durable models are never static. Leaders describe business model flexibility as routine management practice rather than emergency response. *“We evolve and we’re constantly evolving our strategy and updating that,”* one CEO explained, pointing to ongoing *“research and development in our products and moving where the market is.”* This orientation matters in a landscape where policy settings shift, input prices move, technology changes service delivery, and beneficiary needs are not fixed. The capacity to reconfigure offerings, retire units that no longer serve, and build new channels gives established enterprises a structural advantage. It also allows them to set examples for peers, showing how to stay aligned with mission without losing commercial discipline.

“we’re trying to move away from reliance on government funding because it changes all the time and it’s not easy and we’d rather be masters of our own destiny ...”

Table 6: Market fit and mission fit in established social enterprises

FEATURE	WISE IN DISABILITY EMPLOYMENT [SE_A]	COMMUNITY & WORKERS COOPERATIVE MODEL [SE_B]	SERVICE-BASED COMMUNITY DEVELOPMENT MODEL [SE_C]	WISE FOR PEOPLE EXPERIENCING DISADVANTAGE [SE_D]	WISE, COMMUNITY ENTERPRISE MODEL [SE_E]
Revenue Sources	Earned income across nurseries, café, manufacturing, warehousing, supply chain, packaging	Trading income from hospitality and environmental services; enterprise support fees	Program fees for in-shelter and online formats; philanthropy	Service contracts across institutional buyers	B2B contracts; commodity sales linked large-scale recycling and arts initiatives
Commercial Activities	Multiple business units serving defined niches	Cafés and catering, mobile food trailer “to test their business ideas,” council park and village maintenance	Six delivery modes: in-shelter, in-shelter intensive, online, online intensive, Explore and Defence families	High-volume laundry for healthcare, aged care, hospitality, accommodation and agribusiness	Manufacturing, recycling, logistics-related services
Market Positioning	Niche targeting such as wholesale landscapers and airport café customers	Locally embedded with council contracts and community-facing platforms	Differentiated wellbeing offer that leverages rescue animals and tailored cohorts	Competitive provider on quality and reliability for institutional buyers	National corporate customer base with circular commodity flows
Operational Structure	Multi-division model where “people with disabilities work in every part of our business”	Platform structure across food spaces, green spaces and enterprise development	Layered programs that can scale intensity and modality	Professional operations that integrate on-the-job training	Multiple business lines serving “literally thousands of customers”
External Funding	Intentional reduction in reliance to be “masters of our own destiny”	“Approximately 25 to 30%” government funds that supplement trading	“65%” operations and “35%” grants and philanthropy	Some NDIS-linked supports within employee plans, primarily commercial input	Mix of NDIS incentives and commercial revenue streams
Mission Integration	Every unit designed to create employment opportunities for PwD	Origin in long-term unemployment and exclusion, work as first lever of inclusion	Reducing social isolation by creating purpose through animal-assisted programs	Commercial contracts as a mechanism for large-scale inclusive employment	Inclusion delivered through embedded roles and circular value recovery
Growth Philosophy	Growth through diversification, market alignment and continual R&D	Growth by expanding platforms and contracts that open pathways	Growth by tailoring formats to beneficiary need rather than fundraising scale	Growth by increasing market share to create more jobs	Growth through long-term partnerships and product-commodity pipelines

GOVERNANCE STRUCTURES IN ESTABLISHED SOCIAL ENTERPRISES

Effective governance is the foundation of a mature social enterprise. It keeps the organisation anchored to its social purpose while it competes in markets, manages risk, and grows. In our established cases, governance is not a compliance box. It is the operating system that sets mission guardrails, equips boards with the right mix of capabilities, structures decision rights, and builds public trust through transparency.

Purpose and role of governance

The central task of governance in established social enterprises is to hold mission and market together. Boards and executives describe governance as the way they protect culture, prevent drift, and make commercial decisions that strengthen rather than dilute impact. One leader warned against importing capability without values fit: *“If you go out and just bring in raw external expertise that has no appreciation or care for what you do in a social sense, you’re going to skew down the wrong direction. So, I think everyone that engages with the business from the board, through to contractors, through to staff, needs to have an appreciation and understanding of what you do. Because if not, you introduce that chance of things being skewed and the culture being sacrificed.”* In mature enterprises, **governance is the mechanism that keeps the social contract intact while the business scales.**

Legal format and formal oversight

Across the established cases, legal form and external recognition reinforce mission accountability. Organisations are registered charities with the national regulator and identify as social enterprises through relevant peak bodies. Oversight resembles that of commercial ventures. Boards of directors set strategy, hold management to account, and ensure that financial sustainability does not sideline social outcomes. This formal architecture signals to partners, customers, and beneficiaries that the enterprise meets market and regulatory rules and is prepared to be scrutinised.

Board composition and capability mix

Board composition is treated as a strategic lever. Enterprises intentionally combine lived experience and social mission expertise with commercial, legal, and financial skills. One cooperative described its approach this way: *“we have members on our board, so we have member workers with disability on the board, and then we have others with expertise in human service management or business, or community work. So, a good mix we try and ensure, so we’ve got the voice of participants at the board level, but we’ve also got people with the requisite experience.”* Another CEO emphasised skills-based recruitment: *“We recruit with skillsets in mind, and particularly on the board. They’re not all just businesspeople and they’re not all just clinical care people. But we’ve got a mixture of lawyers, accountants, nurses, people with lived experience. You make sure that you’ve got a mixture of skillsets on the board deliberately that can see all the different angles and make decisions appropriately.”* A further example highlighted the depth of finance capability: *“We’ve got some financially minded people, kind of all three of them come from a finance background in different capacities. ... But yes, that’s the idea of the board is to bring in the skills and expertise needed.”* This blend gives boards the range to deliver for impact and margin.

Strategic governance mechanisms

Mature boards convert purpose into practice through committees, delegated authorities, and senior finance capability. One enterprise detailed a committee structure that aligns to mission and risk: Finance, Audit and Risk, Strategy, People, Performance and Culture, and Practice Quality and Governance. Another leader explained how founder leadership has been professionalised through board arrangements and specialist roles: *“The board now – I still sit on my board so I’m both a director and founder and CEO. I’m still wearing those multiple hats, but my chair was an entrepreneur himself from a commercial background... I have a part time CFO, who’s incredible. She’s been with me on the journey. She wrangled bookkeeping out of my hands in 2019.”* These mechanisms create disciplined forums for trade-offs, so growth is resourced, risk is priced, and the social value proposition is not left to good intentions.

Transparency and assurance

Finally, governance earns and keeps trust through transparency. Established enterprises use independent audit and public reporting to demonstrate integrity and signal reliability to customers and

funders. As one CEO put it, *“we have an independent audit, which we've actually just had our AGM. So, we have an auditor look over our finances and some of the governance and they even do a minor payroll audit as well.”* Assurance practices of this kind anchor reputation, reduce information risk for partners, and reinforce a culture of accountability inside the organisation.

VALUE-DRIVEN PROCESSES AND VALUE RECOVERY IN ESTABLISHED SOCIAL ENTERPRISES

In established social enterprises, economic and social value advance together at scale. Value is built into service design, portfolio choices, and contracting so that each sale, shift, and interaction delivers inclusion as well as income. Value recovery is then realised as long-term contracts, preferred supplier status, and trust that lowers transaction costs and funds reinvestment.

Value-driven processes: Mission-embedded operations

Mature organisations start with employment and design business lines around real, paid roles for priority cohorts. As one CEO described, *“We have about 700 employees in our enterprise, 300 of which live with some type of disability. They work in every part of our business... cafés, nurseries, warehousing, manufacturing... we'll try and carve out positions for people who live with disabilities.”* Leaders pair this employment-first logic with a portfolio strategy that spreads risk and matches different markets. As one put it, *“Every business has got a niche segment, because every business is different. The nursery targets wholesale landscapers. The café at the airport targets transient populations... in manufacturing... mailboxes... bin enclosures... warehousing and supply chain services.”* Community-anchored platforms operate the same way: hospitality outlets, environmental maintenance teams, and targeted pathway programs are set up as training grounds that also trade with real customers, which differentiates them from purely commercial firms.

Value recovery: Reinvestment, legitimacy and growth

At maturity, trading delivers for the mission, as one enterprise reports *“approximately 25 to 30% of funds from the government,”* with the balance from commercial operations. Another reports *“65% of income from business operations and 35% from grants and philanthropy.”* Leaders are explicit about how revenue converts to impact: *“The more we sell, the more opportunities of employment we can have for people who live with disability... we build more hubs or homes or create more business opportunities to employ people with disabilities,”* and *“by running a business properly and commercially, you're actually creating more opportunities for people with disability.”* In higher-volume settings the commercial arm is the scale mechanism. As a services leader explained, *“Our aspiration has always been to inspire a model of large-scale employment opportunity through commercial [services] as a mechanism.”* Reinvestment is treated as strategy rather than afterthought, with surpluses directed to roles, sites, equipment, and program breadth where both the commercial case and the impact case stack up.

As value-driven practices move from pilot to platform and then portfolio, scale magnifies both strengths and stresses. Governance must keep purpose in view as business units diversify and contracts tighten; as one leader put it, *“everything still has to go through a lens of the vision, the mission and the values.”* Inclusion embedded in day-to-day operations begins to reshape unit economics, while the commercial tempo exposes gaps in cashflow, talent, technology and market sensing. In short, the very mechanisms that extend impact—multi-unit trading, professionalised systems and contracted standards—also heighten the demands on alignment, capability and capital. These dynamics frame the core challenges faced by established enterprises in Queensland.

CHALLENGES: SCALING ESTABLISHED SOCIAL ENTERPRISES

Established social enterprises face a distinct set of scale challenges. They must hold mission and money together while professionalising operations, competing in open markets, and expanding inclusive roles. The most frequent and consequential pressures listed below illustrate how leaders respond to challenges in practice.

Mission–money alignment

The central risk at scale is mission drift. Leaders repeatedly emphasised that commercial decisions must be filtered through purpose. As one CEO reflected on the constant trade-off: *“balancing that mission and money... even with the government funding, it’s difficult to make it all work. It’s a significant balancing act”*. Boards are the primary safeguard. A leader warned that bringing in capability without values fit *“skews you in the wrong direction”* and can sacrifice culture.

Talent and workforce pipeline

Scaling requires people who can run a business and hold the social mission. The labour market is tight, and the values fit narrows the pool. *“Attracting good quality people... comes down to their values and beliefs... it’s a pretty small pool.”* Succession beyond founders is a recurring pressure: *“The struggle is always growing it beyond themselves, succession planning, bringing the right people.”*

Governance capacity

Boards must steward both impact and margin, often as unpaid directors. *“There is always a challenge of having a good mix... commercially savvy and with empathy towards social good”* and *“they’re unpaid directors... the challenge is finding people with the right skillset and the availability.”* The governance task is to keep strategy, risk, and culture coherent while scale increases complexity.

Public sector market access

Leaders see untapped demand inside government supply chains but limited enabling action. *“We could sell a whole lot more into local, state and federal government but they don’t really help us... there’s been lots of talk.”* The ask is straightforward: *“If we can compete on quality and price, then you should be choosing us because there’s a social return you would not get elsewhere... buy your mailboxes from us... you’re already buying them anyway.”*

Rising cost base and operational fatigue

Input prices, compliance demands, and project costs have surged, putting pressure on leadership resources. *“It’s a huge distraction... the cost has gone up dramatically... we lose good people because they’re tired.”* Capital projects have been hit hard: *“Construction costs had gone straight up... steel prices had gone crazy... I had to source extra philanthropy.”*

Inclusion–productivity trade-offs

Inclusive employment is the point of the WISE (work integration) model, yet it changes unit economics. *“One of the biggest cost factors is an inefficiency or productivity loss because we deliberately work with people who have been out of work for a long time and are slow... what portion can be a program cost.”* Another leader noted, *“when you’re finding ways to employ more people who live with intellectual disability... that makes your business model harder.”* At the same time, inclusion is deliberately embedded: *“300 of our 700 employees live with some type of disability... in every part of the business we carve out positions.”*



Cashflow fragility at expansion points

Growth exposes working-capital gaps. *“If your cashflow’s not great then you can’t attract capital”*. Construction overruns and delays amplify the issue for mid-scale organisations: *“when the project came alive... costs had gone straight up... that has a significant impact”*.

Technology and systems investment

Enterprises recognise the productivity benefit of technology, but capital is constrained. *“We don’t invest in [systems] like we should or like our competitors would... it’s one of the limitations we have financially”*. Under-investment can slow quality, data, and margin improvements precisely when scale requires them.

Resourcing and ecosystem support

Beyond capital and talent, leaders point to thin market intelligence, limited networking and partnering bandwidth, and uneven capacity-building opportunities. These gaps restrict the speed at which proven models can enter new regions or sectors.

Market sensing and pricing capability

Commercial acumen must deepen as models diversify. *“It’s hard to know how to properly price a commercial contract... getting more business savvy... knowing what the market pricing is and how to price to market”*. Mispricing erodes both financial resilience and the ability to fund inclusive roles.

Established social enterprises in Queensland demonstrate that mission and market can reinforce each other at scale. They embed inclusion in everyday operations, compete credibly across diverse customer segments, and convert trading income into stable roles, training, and program breadth. Governance keeps purpose central, portfolio diversification spreads risk, and impact measurement informs reinvestment. The challenges of cost pressure, cashflow, talent, and procurement are real, yet the mature cases show how these pressures can be converted into capabilities in finance, market sensing, operations, and partnerships.

The task now is to match enterprise capability with system support. Policymakers can unlock demand through social procurement and timely, outcomes-aligned capital. Corporate buyers can preference suppliers that meet price and quality while delivering measurable social value. Philanthropy and intermediaries can back capability building in data, technology, and workforce pipelines. If these actors move in concert, established social enterprises will sustain competitiveness, broaden inclusive employment, and deepen their contribution to Queensland’s communities and economy.



ENTERPRISING FUTURES: INDIGENOUS MODELS OF GROWTH AND INCLUSION

For this study, we engaged with ten Indigenous social enterprises spanning the full spectrum of development, from early-stage start-ups to long-established businesses operating for decades. Guided by Yarning, an Indigenous research methodology grounded in cultural traditions and dialogic practice (Bassarab & N'Gandu, 2010), the interviews explored what makes these enterprises unique, why they chose (or came to be recognised as) social enterprises, and the challenges and triumphs encountered along the way. The participating enterprises were drawn from diverse locations, including major cities, inner and outer regional centres, and remote or very remote communities.

The enterprises represented a wide range of industries—construction, facilities management, education and training, business services, arts and design, and community support—each with business models consistent with social enterprise principles. Yet for many, the label itself was secondary to the practice. As one participant observed, *“Social enterprise is something that we've been doing for many years but not knowing.”* This highlights a key insight: **for Indigenous communities, social enterprise is often an extension of cultural obligation and community care, rather than a consciously adopted model.**

FOUNDATIONAL VIEWPOINTS

In synthesising interview responses, methodological principles grounded in Indigenous concepts of relatedness were applied. Interpreting these findings requires acknowledgement of key Indigenous worldviews that shape how knowledge, relationships, and experience are understood. Country is essential to Indigenous peoples' identity, culture, spirituality, and ways of life, and encompasses relationality, connections, responsibilities, knowledge systems, and reciprocity. Reciprocity relates to mutual respect, maintaining balance, and nurturing connections, in whatever form they take. For Aboriginal and Torres Strait Islander peoples, community is a holistic concept that evolves around relatedness. Everything and everyone are related and interconnected; this includes all living things and the environment and emphasizes the importance of balance and harmony in all relationships (Dudgeon et al., 2010; Graham, 1999; Kwaymullina, 2005). Indigenous peoples display a living system of priorities that are not rigid, rather they are adaptive to changing circumstances but always grounded in Indigenous ways of knowing, being and doing (Martin, 2003).

Country is the foundation for Indigenous peoples relationality and connection, as Graham (1999) explains “the relation between people and land becomes the template for society and social relations. Therefore, all meaning comes from land” (p. 105). One participant succinctly summed up the importance of Country;

“So, we've adapted [...] we worked in an industry that allowed us to remain on our Country, remain connected to that Country, remain involved with that Country. Yeah, we have to do things that were alien to us, however that connection to Country was that strong that we did those things that were alien for us to allow us to keep that connection.”

Economic and social development as primary aims

Through yarns, it became clear that Aboriginal and Torres Strait Islander peoples and Communities create social enterprises to take control of their economic and social development. *“The business is developing more than just land, as in developing Community. We signed these guiding principles documents that allow us to walk side by side with Community.”* Many Indigenous entrepreneurs see social enterprises as fostering self-determination while contributing to Community wellbeing. As one participant stated:

“The best thing I've seen to combat [government paternalism and the resulted dependency], it's this thing we call economic development - it gives people a purpose again in life. They can put

food on their table, buy things for their kids, they can look at the housing, look at education, look at better health, all those things. But it's gotta be driven from a reason that wants to make a man get up out of bed in the morning and go and put on boots and go to work, so that's why I'm a big, big advocate of economic development”.

Work integrated social enterprises

Like many social enterprises, job creation was an important aspect of Indigenous enterprises. As a result of the work Indigenous enterprises were doing, many have found they had a greater number of Community members interested in working with them than jobs they had available.

“We hear it all the time, like this is my dream job, this is all I want to do, but we don't have the jobs for them and we're often having to be really cutthroat in the opportunities we can give because there's just too many practitioners just raring to go and again, not enough jobs.”

Similarly, *“the biggest thing I think that's come out of it is we've got all these trained people and not enough jobs for it and we're almost having to beg for investment towards meaningful jobs on Country.”*

All aspects of Indigenous social enterprises incorporate a layered approach that aligns multiple holistic concepts that can shift in priority depending on the timing, person, community, Country and job involved. *“We want to train to retain, not train just to issue tickets”.* Several participants also talked about refusing work if it didn't align with Community values. *“I can't walk into a community meeting and say, ‘oh yeah, we just gave them this [latent machine in return for dollars] because they have no interest in training you blokes”.*

Integration of traditional knowledges with business

The integration of traditional knowledges and values into businesses is deemed crucial for promoting cultural resilience, yet never at the expense of Community and Country because *“we can't count on government or white fellas to do it...when they do it, it is tokenistic or black clad”.* The continuation and revitalisation of Indigenous knowledges was seen by some as a priority above simply creating jobs. As one participant stated, *“We get enquiries and requests to come in and to assist the western [type of] agencies, but we feel that knowledge is sacred to mob and that should just kind of stay that way”.* Working with or for Communities was never seen as the end goal, it was always about Community empowerment and resilience through connection with the enterprise. *“We are very big in building capacity and capabilities in our communities.”* Generally, enterprises didn't go looking for work with Communities, rather there was a sentiment of *“I think the most important thing is we always know that we were invited in first and we're always there until we're told otherwise.”* Some enterprises were born out of a need within a Community and were established to respond to a necessity. *“What we struggle with in [location] is that there's a balance, we can't make a profit, and we don't want to make a profit, but our purpose is to make sure that our families in [location] have [access to essentials] at an affordable cost.”*

Collectivism and sharing

Collectivism is common in Indigenous communities, and we found that Indigenous enterprises often prioritised sharing over competition and individual success. Many Indigenous enterprises, once established, believed in sharing resources they had created for themselves, rather than operating in isolation. *“Leveraging [our] partnerships, because if we're already outlaying that cost, why wouldn't we just allow community to tap into that if it's going to get them to that next step.”* By prioritising mutual support over individual gain, Indigenous social enterprises create sustainable networks that empower Communities, and the notion of communal sharing is fittingly demonstrated by this quote:

“If we’re already doing the work to develop a certain policy or a template, or a system or an IT platform, why wouldn’t we share that? Why would we just keep it to ourselves and again, going back to where those Communities that don’t have the same dollars and resources, if we’ve already done it, why couldn’t we just share that and give it over?”

Need to preserve self-determination

It is important to acknowledge that despite all enterprises sharing fundamental ethos, differences between experiences and expectations were clear, especially between those operating in remote/very remote areas when compared to inner regional and city areas. Enterprises operating in areas where government interventions and assistance schemes were prevalent had strong views about how they could best ensure economic independence for their communities. These views were driven from a legacy of government interventions that participants believe reduce self-determination and increase government dependency, which reduce opportunities for independent growth. They had felt their Communities *“fall victim to someone sitting down in Canberra or somewhere distinct from the region”*.

VALUE-DRIVEN PROCESSES IN INDIGENOUS ENTERPRISES

Importance of partnerships and alliances

Forming partnerships and alliances was important to those involved in the study. Some utilised partnerships with government, from other larger Indigenous organisations, through family / community connections or through a variety of networks they had formed. Partnerships were a vital resource for all those in the study, as one social enterprise noted, *“We want to be able to leverage those partnerships for our community, so if a community can’t necessarily afford to pay a contracted grant writer themselves, we use that through our partnership... leveraging those partnerships”*

Networking and business capabilities

Networking provided Aboriginal and Torres Strait Islander social enterprises within the study a range of mixed opportunities and assisting in spreading the word about the social enterprises and the work they did, which facilitated knowledge and resource sharing opportunities. *“...a lot of it just is like mob talk, don’t we. [...] So, like what I’ll do, we just try to spread the word. I get to as many networking events and just try to get it out”*.

When it came to business capabilities, some spoke of having a good balanced leadership - gender wise, balanced working relationships that did not follow western hierarchies in management, but still offered accountabilities and responsibilities, where the communities organically worked out the teams and allocated work responsibilities. Some social enterprises had expansion plans, such as capital investment (once funds were available) that would allow them to run employment programs to train mob, *“mob delivering training to mob”* and others did not want to grow or scale beyond their current size but had a network of alliances across the nation to share knowledge and allow for connection to communities.

Non-traditional marketing channels and social media

To expand and grow, most Aboriginal and Torres Strait Islander social enterprises in the study used a variety of marketing tools, such as social media, which some said provided more work than traditional marketing channels. One commenting,

“...we’re a very visual organisation. I don’t know if you’ve seen us on socials, but we do a lot of photography, videography and a lot of storytelling through our projects ... We’ve even actually expanded internationally, that’s big changes, for the last few years [name] has been working with a small Indigenous community in Canada”.

One social enterprise commented that they were heavily involved in social media as it was a way to prove to funders that they were out there in the community doing the work.

“Because constantly we are under the pump with providing evidence all the time to funders, to government, to everybody, because we are the most criticised up here, so we have to make sure that what we do is recorded and we build the evidence with a lot of their socials that we have and the stories that we get back from Community is what we measure our success on”.

Success measurement and impact

The measurement of success spoken about by the Indigenous social enterprises was all about community impact. What benefit has the community (Aboriginal and Torres Strait Islander community) received from the work they have done. Some measured success in stories, others measured success by impact.... How did the community benefit... what difference did it make in the lives of the individual and whole community... for some this measurement was easy, you could see the tangible evidence that the social enterprise was making, in providing low-cost food, training, employment opportunities, financial literacy, etc in communities. One social enterprise commented that the cultural, economic, environmental and sustainability of communities they worked in was the highest priority and it was their measure of success, as opposed to statistical information to measure Indigenous economic activity and success.

Bodle et al., (2018, p.40) speak about the value of intangible assets to Aboriginal and Torres Strait Islander Communities and how they have different economic characteristics to western definitions, such as Indigenous knowledge systems and intellectual property, which “exists independently of a product or service, and, therefore, is valuable to a business”.

Participants were asked about balancing their mission and money and what decisions are made, what capabilities were needed to manage their mission and money. Some answers to this are woven into the discussion above, other comments were that assistance with writing grants would be an advantage, with one social enterprise commenting that *“we couldn't find any level of grant or anything to give us a hand. We've never received one grant yet. I'm not sure if that's because we're terrible at grant writing or we're not connected”.*

Another social enterprise commented that research was the key to demonstrating the good work that was being done in community

“I think you know that's going to be key to being able to demonstrate all the good work that we're doing. We know we're achieving it, we know when we're affecting change, we know we're making an impact in all the communities and mob that we work with, but to have that backing so that we can say, this is what we're doing in a language that is understood by not just what we say is the success”.

CHALLENGES FOR INDIGENOUS ENTERPRISES

Balancing economic growth, social progress and environmental protection

The central themes uncovered in this study were a deep commitment to both Community and Country, the preservation of cultural heritage, and the empowerment of communities. These priorities were consistently balanced with the pursuit of economic growth, social advancement, and environmental stewardship.

All participants spoke about changes and contributions they were making in Community, even if that was not part of their core mission. The most common challenges came from lack of access to funding and difficulty in accessing/tendering for work, which at times they felt was a direct result of being a social

enterprise or potentially an Indigenous business. The term 'black cladding'¹ was used by some participants who felt they had been disadvantaged in tender opportunities by other businesses who engaged in this practice.

Measuring social impact

Rather than relying solely on financial metrics or tenders won, Indigenous enterprises predominantly measured their impact through Community views. Measures often included Community approval, acceptance and wellbeing, cultural continuity, sustainability practices, and intergenerational benefits. Impact measures varied for organisations, but the general consensus was *"that it is ongoing and the stories that come back to you, like there is so much gratitude for the work and so much gratitude for what we do to help in Community."* These enterprises never set out to replace Community voices or self-determination, as evidenced by this quote:

"We have a general ethos that we want to essentially work ourselves out of a Community eventually, like we aren't setting ourselves up within those Community infrastructures to be there forever. We want to be able to see the relationship shift and that's I guess our impact measure, that we could say is the less we're involved in a Community and their Community business, is a good thing for us".

Barriers to growth

The biggest barrier discussed was the access to funding, whether that was through grants, loans or enough work. Several enterprises had started with either personal funding or through a larger 'parent' organisation, which in some cases were still funding the shortfall to ensure continued operation. A couple of enterprises spoke about the need to have other jobs alongside the enterprise, seek alternative income streams through a for-profit business or to not take real wages for their time spent working in the business. As one participant shared, *"if you looked at the level of and the amount of hours were put into this business, we're hundreds and hundreds of thousands in the wrong direction. But we've got money in the bank at the moment, you know."*

Irrespective of the stage that enterprises were at, most spoke of the lack of support to gain grant funding or investment to continue services or expand operations. As one participant explained, *"We didn't come out of, nor are we born out of this social enterprise circle, so we don't have the people that can write grants. We don't necessarily know how to, and we don't target grants, we target commercial contracts"*.

Even for enterprises who has been operating for many years, there were still concerns about funding. As one participant shared, *"We've been doing this for a while, but the issue for us is to be able to support businesses [in Communities] for that longer term requires some sort of funding which we've struggled to be able to get."* One enterprise with turnover in the millions of dollars also had trouble in securing a bank loan and shared,

"I went back to [bank] and tried to get them to drop some of the barriers like around we just want to get capital finance but happy to like not even funding capital finance but we're doing \$3,000,000 a year like going from zero to \$400,000 now \$3,000,000 are probably you know we're on trajectory to do \$10 million next year like that's incredible and can't even get some funding. I can't even get like capital finance, just so that it's not coming out of my pocket."

¹Black cladding is a form of social 'washing' which undermines genuine Indigenous businesses by allowing non-Indigenous companies to take unfair advantage of Indigenous peoples and/or businesses to exploit government or corporate procurement programs ([Exploitation of Indigenous businesses: a new form of greenwashing? - Corrs Chambers Westgarth](#)).

Need for mentoring

Several participants stated that support within industry and corporates was lacking for those in the sector. They would value mentoring opportunities that could assist them to apply for grants, for example, on social enterprise commented that they saw themselves as a *“conduit between the industry and getting it to where it's needed but yet we can't seem to get any support. I don't know if I'm not tapping on the right doors like I really don't know”*, whilst another commented *“we don't necessarily know how to target grants, so we target commercial contracts instead”*. Another organisation spoke about *“having so many touch points nationally, we genuinely can have some impact, we just need the backing and opportunities”*. The lack of support from government and corporates resonates throughout the literature as one factor that inhibits Indigenous social enterprises from advancing their mission (Foley, 2008; Spencer et al., 2016).

Several of the project participants spoke about the ‘blank cheque’ approach where they had ideas that would enable Aboriginal and Torres Strait Islander communities to be self-sufficient, for example:

“We are trying to again work in that proactive approach where we are getting projects and proposals ready as if somebody with a blank cheque is going to walk in the door tomorrow and that's the approach that we're talking with our Communities is we may not have a grant opportunity open at the moment, we may not have anyone to fund this, but what is that project that comes directly from your Community or that big question or you know, is there a particular species that you want to know why it's no longer where you remember it being?”

Overcoming funding constraints

Despite the lack of funding, many Aboriginal and Torres Strait Islander social enterprises reflected on how they gave back to the communities they operated in, as much as they could. For example, one organisation spoke about supporting a ‘Black Coffee’ network to assist Aboriginal and Torres Strait Islander entrepreneurs to come together and network, share stories and ideas. Others relayed around work they are doing to build capacity in Aboriginal and Torres Strait Islander communities, such as pro bono work to provide business services, which was unfunded, but they did it as they knew it was important.

Building capacity

Training, development and building capacity was a theme that came though significantly in the study, ensuring direct investment into the Aboriginal and Torres Strait Islander community. There is unequivocal evidence in the literature (Leroy-Dyer, 2016; Miller, 2005) that the most important element in achieving quality and positive outcomes is ensuring Indigenous community involvement and ownership in training. Importantly, training with outcomes was essential. This sentiment was echoed in the study, with participants stating, *“the biggest thing I think that's come out of it is we've got all these trained people and not enough jobs for it and we're almost having to beg for investment towards meaningful jobs on country”*.

Mission dominance

When asked about the value proposition of running a social enterprise to achieve a mission, there was a variety of answers, which really reflect the diversity of Aboriginal and Torres Strait Islander social enterprises in the study. Several social enterprises commented that they were running ‘a business’ and realised it was mission driven rather than profit driven. All of the study participants used their commercial activities to fund their mission, for example, one social enterprise commented *“we're not funded in any other way than our commercial activities. We have to go to work to make opportunities to then be able to pass on those training opportunities”*

Another commented

“so obviously we’re on a slow path because we need to build business and scale the business one side and then the social side is the thing you know that they both grow together without the commercial side of the business where we can then train the people and pay to administrate the training and pay for the equipment and what not, we can’t do the social side”.

Others commented how they were part of the circular economy to ensure sustainability, to help communities access basic needs, gain employment and to ensure enterprise opportunities were available in regional and remote communities. One organisation shared how they were not set up to make a profit, just to provide food to communities at a reasonable cost, because a basket of essential groceries cost an average of \$44.70 in the cities, but the same basket cost an average \$99.38 in the bush (Tolhurst, 2025). As one social enterprise shared:

“Our challenge is that the food has to be at a low cost - at [city] cost and we know [city] cost is going up and we’re like what do we do? There’s a pull or should we go the same as [city] to keep it as is because the families in the camp, they can’t afford to buy that food and so that’s one of our struggles is that we either are at a loss or we break even...”

One social enterprise commented on how they de-fitted and repurposed office furniture and the profits went to supporting Aboriginal and Torres Strait Islander communities and charities, while other Social enterprises offered grant writing and other business services to community organisations who could not afford to pay for these services.

When asked about value recovery, some interesting insights were gained, for example, social enterprises felt the need to upskill themselves to deliver their purpose, such as *“I’m enrolling in an MBA so I can be more profit savvy to support my purpose driven brain, but I need to get money in order to keep this thing going and to stay alive”*. Others said:

“financial challenges, apart from getting contracts ... if we don’t win the job, we don’t survive, right”

“So, some jobs ... even though we’re getting paid ... the profits then go to paying the team etc ... sometimes we go backwards, and you’ve actually lost money cause like all that’s done as a social enterprise, so we do a lot of our own at our own cost”

Barriers to finance

Aboriginal and Torres Strait Islander social enterprises often face significant barriers to accessing finance, including a lack of access to traditional networks, historical systemic racism, limited financial literacy, difficulty proving creditworthiness due to land tenure complexities, perceptions of higher risk by lenders, and a lack of understanding of Indigenous cultures and economic structures by mainstream financial institutions, all contributing to a trust deficit and limiting their ability to secure loans or investments (First Australians Capital, 2023).

Key barriers to finance for Indigenous social enterprises from the literature include, a) historical disadvantage – the legacy of colonisation and policies that restricted Indigenous land ownership and economic participation have created a significant barrier to building wealth and accession capital for business ventures; b) challenges in proving creditworthiness due to the historical disadvantage which puts them at high risk, c) cultural misunderstandings – financial institutions may not understand cultural practices, community governance structures etc, leading to difficulty assessing financial viability, d) systematic racism within financial institutions leading to discriminatory lending practices, e) geographic barriers for social enterprises operating in rural and remote locations with limited infrastructure, and f) low intergenerational wealth due to the historical disadvantage, Indigenous peoples have lower levels of

accumulated wealth limiting the ability to leverage personal assets for financing (Dance, n.d.; Evans & Polidano, 2022; First Australians Capital, 2023; Spencer et al., 2016).

“We have ad hoc funding like for [...] but other than that, we have no [government funding]. We've had philanthropic funding like [organisation] gave us money for the second-hand truck”

“there is very little support for supporting individuals that want to do social enterprise in the [area] as well”

“All the revenue that [SE1 name] have is because of the backing of [parent organisation] and then them going out to tender for more money”

Only one of the Aboriginal and Torres Strait Islander social enterprises in this study reported to receive successful grant funding from government.

“We've been pretty successful in the government grants that we have gone for. In saying that, we've tried to obviously stay at that bigger end of the scale so that we're not taking away from those smaller opportunities that community should just be going for directly and we encourage them to do so. I think though one of the challenges is the way that you have to write your applications to appease their outcomes and being able to make the assessment team understand what we're suggesting we can achieve that. That's probably the hardest part and for them to see marriage in Indigenous knowledges playing a role to achieve those outcomes, especially ones that are the more open application that aren't targeted at First Nations initiative or the First Nations organisations”

Access to sustainable work

Access to sustainable long-term work was a key challenge for those Aboriginal and Torres Strait Islander social enterprises in the study. One commented that they constantly had to *“push and push and ask and ask”* otherwise there would be no work coming in. One social enterprise in the training industry had no shortage of work but had challenges delivering the training they were contracted to do. They were delivering all the training themselves as the contract didn't provide enough funding to employ others to assist them. Another social enterprise commented *“I employ a young Indigenous worker, and you think that there's funding there because that's what you see or hear. I couldn't access it. I couldn't tell you where it is, and we tried”*.

Other challenges that the Aboriginal and Torres Strait Islander social enterprises in this study faced, that possibly were not a challenge for non-Indigenous social enterprises were the impacts from cultural and community factors, such as 'Sorry Business'. For Aboriginal and Torres Strait Islander peoples, the time before and following death are subject to a number of customary practices. These practices have meanings that are sacred to Aboriginal and Torres Strait Islander peoples and are known as Sorry Business (Queensland Health, 2022).

Sorry Business is an important time of mourning that involves responsibilities and obligations to attend funerals and participate in other cultural events, activities or ceremonies with the community. This is part of a community and cultural tradition that is highly important. Sorry Business also mourns the loss of cultural connection to the land. Sorry Business affects the whole of community including the work performed in community (Queensland Health, 2022).

FEATURED CASE STUDIES – INDIGENOUS SOCIAL ENTERPRISES



**Audrey Deemal | Executive Leadership
Advisor | Cape Your Solutions**



Mayi Market and Bama Services are two social enterprises operating under the umbrella of non-profit Indigenous organisation, Cape York Partnership (CYP), that designs and implements initiatives in collaboration with local communities to improve outcomes in areas like education, employment, and health across the Cape York Peninsula.

Mayi Market focuses on food security by offering affordable, fresh, and nutritious food supply to remote and very remote communities. Bama Services provides employment and training in landscaping, civil and domestic construction, and facilities and asset maintenance. Both enterprises demonstrate the resilience and innovation of Indigenous-led solutions. While CYP provides governance and business expertise, ensuring these enterprises avoid common pitfalls such as poor planning and weak governance, The Mayi Market and Bama Services still face significant Indigenous-specific, location-specific, and sector-specific challenges.



Aerial view of the tip of Cape York



FOUNDING	<p>Established in 2020 by CYP, to help combat the cost-of-living crisis and regional health inequality in remote Cape York. Without Mayi Market, food prices in some communities are up to three times the price of food in Cairns.</p> <p>They deliver affordable, quality, fresh food fortnightly to Coen, Hope Vale, Wujal Wujal, Mossman Gorge, Aurukun and Laura.</p>
MISSION	<p>To supply fresh, healthy food at regional prices to remote Cape York communities, reducing food insecurity and cost-of-living pressures.</p> <p><i>“We need to change policy. For too long, they’ve been talking about food security in remote communities, but nothing has happened in 25 years.”</i></p>

Food Security and Fair Access

In Cape York, the high and unpredictable cost of food is a major barrier to food security. Prices fluctuate dramatically due to remoteness, freight inefficiencies, seasonal access issues, and the absence of genuine competition. In some Indigenous communities, the cost of basic groceries can be up to three times higher than in Cairns. Perishable items can arrive late and in poor condition yet still be sold at premium prices. During the wet season, road closures and supply disruptions can cause prices to spike further, pushing healthy food completely out of reach for many households. This inequitable situation forces families to make difficult choices that compromise health and wellbeing.

Mayi Market’s model directly confronts these inequities, making healthy options more accessible. However, without substantial support and funding, and assistance with supply chain and storage infrastructure, food security in Cape York will remain fragile.

Due to its operating region, Mayi Market faces unique challenges beyond those experienced by most social enterprises. Inconsistent weather patterns and the need for accurate forecasting, combined with poor road infrastructure, amplify the impact of other operational and financial pressures.

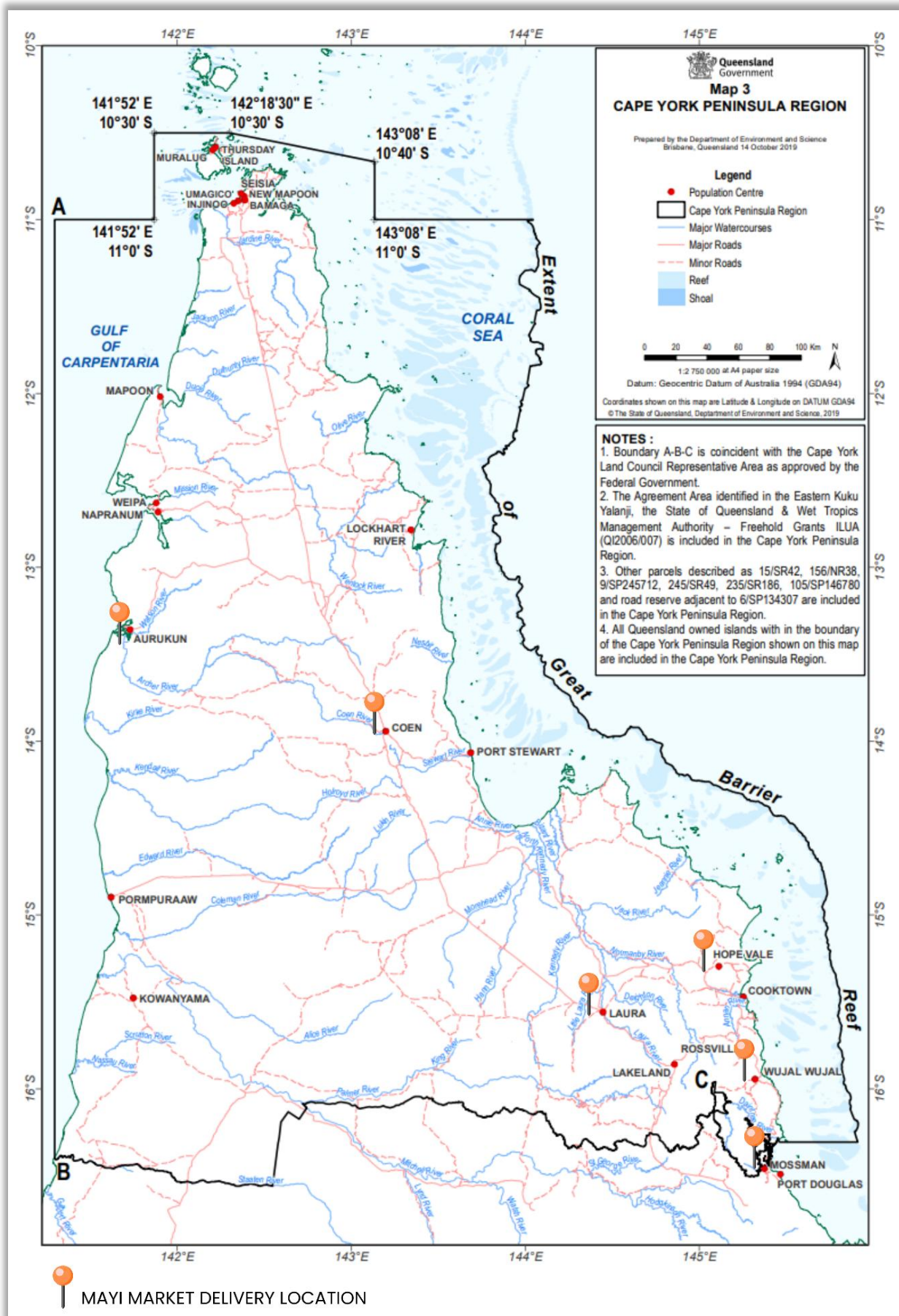


Figure 6: The Mayi Market delivery locations across Cape York

FINANCIAL CHALLENGES

- Operates at a loss.
- No government funding, despite providing an essential service to remote and very remote communities.
- Relies on support by philanthropic donations and cross-subsidisation from CYP.
- Rising food costs in Cairns further erode margins.

FREIGHT & SUPPLY CHAIN

- Excessive freight costs and ineffective subsidies.
- Perishables can be spoiled due to inefficient transport routes.
- Wet season road closures require pre-stocking, but lack of cold storage and warehouse space limits capacity.

MARKET COMPETITION & MISINFORMATION

- Pushback from local stores (which in some locations are state government owned), including price manipulation and public misinformation about Mayi Market’s mission.
- Competitors made regulatory complaints about food handling despite minimal direct handling of fresh produce.

COMMUNITY READINESS

- Some communities require foundational digital and financial literacy training to participate in subscription models or online ordering, which can put pressure on other CYP resources.
- In areas with lower readiness, sales events must align with cash availability, increasing operational complexity.



Fortnightly deliveries to six Cape York sites – Hope Vale, Coen, Mossman Gorge, Wujal Wujal, Aurukun and Laura. There is no delivery charge to customers.

Supports local Indigenous employment.

Strong relationships with philanthropic donors, including Rio Tinto who provided funding for a refrigerated truck to deliver supplies, and Foodbank and FoodShare who provide donations during times of disaster relief.

Ability to benefit from the support of CYP’s years of business operations, which means assistance with strategic planning and thinking, e.g., looking for back-freight opportunities to offset empty return trips.



FOUNDING	<p>Founded in 2010 under CYP, Bama Services commenced as a small construction and landscaping enterprise with a clear purpose: to create transition-to-work pathways for young Indigenous school leavers. Since its establishment, the organisation has grown significantly into a diverse and multi-disciplinary business, delivering civil and domestic construction, facilities and asset maintenance, alongside landscaping and environmental services.</p>
MISSION	<p>To give Indigenous peoples the capability to participate in the real economy, thereby empowering them to be active agents in their own development.</p> <p><i>“We’ve set a really high standard for Indigenous employment... and we’re proving that it works.”</i></p>

Overcoming Barriers

Bama Services addresses the systemic barriers that often prevent Indigenous peoples, especially youth, from entering and remaining in the workforce. Offering on-the-job training, mentorship, a supportive work environment, and holistic support and wellbeing programs helps employees build practical skills and a strong work ethic. This model demonstrates Indigenous capacity and commitment and aims to influence broader policy and industry practices, advocating for a new standard in Indigenous employment and economic participation.

CORE CHALLENGES	<p>WORKFORCE CAPABILITY BUILDING</p> <ul style="list-style-type: none"> • Many employees have no prior work experience or role models in steady employment. • Requires intensive mentoring, consistent supervision, and wellbeing support.
	<p>FUNDING & RECOGNITION</p> <ul style="list-style-type: none"> • No state government funding and limited project-specific federal funding. • Capability-building work is not adequately recognised or resourced by funding bodies.
	<p>SUSTAINABILITY</p> <ul style="list-style-type: none"> • Income generated through tenders and contracts (e.g., QBuild cleaning contracts). • Growth potential constrained by lack of investment capital and limited external funding.

Over recent years, Bama Services has seen the poaching of skilled workers by other employers creating staffing gaps. Although, this also signals their success in capacity building.

STRENGTHS	Has an advisory board of Indigenous and non-Indigenous members that oversees the strategic business operations.
	The workforce is 78% Indigenous and involves people from regional and remote communities.
	The business is led by long-term Indigenous leadership, with internal progression from entry-level roles to management.
	Financial self-reliance through strong tendering capability, as they have become an “expert in tenders”.

Case study policy priorities to enable Indigenous enterprise sustainability

MULTI-YEAR FUNDING COMMITMENTS

Provide long-term funding to build enterprise capability, achieve self-sufficiency, and avoid the need to be “stealing from Peter to pay Paul”

FREIGHT & SUPPLY CHAIN REFORM

- Establish dedicated funding and logistics partnerships with Indigenous suppliers, like Mayi Market, to guarantee regular deliver of fresh produce to remote and very remote communities
- Expand freight subsidies to fully close the cost gap for essential perishables.
- Invest in cold-chain infrastructure and community storage to prevent spoilage and waste.

INFRASTRUCTURE INVESTMENT

Build storage facilities, refrigeration, and distribution hubs are required to improve resilience and reduce waste

RECOGNITION OF CAPABILITY-BUILDING COSTS

Fund the mentoring, training, and wrap-around wellbeing support that underpin Indigenous workforce participation

ACTION OVER INQUIRIES

Replace repetitive, inconclusive inquiries with concrete, Indigenous-led policy reforms and funding action

“The time for talk is finished - we need action. Fund social enterprises properly, not just for a year. Help us for at least five years so we can stand on our own two feet.”



SUMMARY INSIGHTS FROM THE CASE STUDIES

The comparative cases demonstrate that challenges are not only obstacles but also generative forces that shape capability development across stages of social enterprise. Consistent with the dynamic capabilities' framework (Weerawardena & Mavondo, 2011), constraints provoke organisations to sense opportunities, seize them through innovative business models, and reconfigure resources and relationships in order to sustain dual social-economic value creation. At the start-up stage, fragile resource environments and struggles for legitimacy sharpen bricolage and improvisational learning. Growth-stage enterprises, facing scaling pressures and competing institutional logics, strengthen governance, diversify funding, and cultivate cross-sector partnerships. Established organisations, operating within complex systems such as disability services or national procurement regimes, embed continuous adaptation, advocacy, and large-scale workforce integration into their strategic routines.

Indigenous social enterprises extend this understanding by foregrounding cultural continuity and obligations to Country and Community as both the challenge and the source of capability. For these enterprises, measurement of success often resists conventional statistical indicators, instead privileging evidence of strengthened community, cultural sustainability, and intergenerational wellbeing. Their emphasis on relational governance and cultural innovation broadens the conceptualisation of dynamic capabilities beyond firm-centric adaptation to encompass community-centric resilience and renewal.

Taken together, these cases illustrate that constraints are the raw material from which capabilities are forged. The comparative table that follows situates these capabilities across the start-up, growth, established, and Indigenous contexts, highlighting the differentiated but interlinked pathways through which social enterprises sustain dual value creation in Queensland.

Table 7 distils how capabilities emerge at different stages of social enterprise development. It highlights how start-ups, growth-stage, established, and Indigenous-led enterprises transform specific challenges into enduring strengths across key domains such as opportunity recognition, business model development, innovation, stakeholder engagement, workforce, impact measurement, and financial sustainability.



Table 7: Comparative capabilities

CAPABILITY DOMAIN	START-UP SOCIAL ENTERPRISES	GROWTH SOCIAL ENTERPRISES	ESTABLISHED SOCIAL ENTERPRISES	INDIGENOUS SOCIAL ENTERPRISES
Sensing & Opportunity Recognition	Founder passion and lived experience drive recognition of unmet needs (isolation in aged care, mental health, refugee unemployment)	Systematic identification of gaps in ethical supply chains, IT services, and Fairtrade markets; refining propositions for scalability	Institutionalised scanning of markets, policy settings (e.g., NDIS), and government procurement to align large-scale employment strategies	Obligation to Country and Community drives recognition; needs are relational (cultural continuity, community wellbeing, intergenerational obligations) rather than solely market-driven.
Seizing & Business Model Development	Lean, low-cost pilots; experimenting with pricing, service modes, and legitimacy building	Structuring hybrid models, securing accreditation (Fairtrade, charity status), and diversifying revenue streams	Diversified portfolios across multiple industries; embedded cross-subsidisation models; sophisticated workforce integration	Enterprises adopt flexible models rooted in reciprocity and kinship; trade often seen as an extension of community obligation, with profit framed as a means to community wellbeing rather than accumulation.
Reconfiguring & Innovation	Iterative bricolage, adapting quickly to feedback and resource limits	Governance reform, formal evaluation, technology-enabled solutions, structured scaling	Embedding R&D, workforce redesign, advocacy for systemic reforms; institutionalising adaptation	Cultural innovation is central — blending traditional knowledge with contemporary enterprise (e.g., arts, land management, education); innovation viewed as continuity and preservation rather than disruption.
Stakeholder & ecosystem engagement	Reliance on local networks, volunteers, and small grants	Partnerships with corporates, universities, councils, philanthropies; engagement with QSEC	Formalised ecosystems with government, corporates, peak bodies; strong advocacy role	Engagement is relational and holistic: connections to Elders, Traditional Owners, community organisations, and government; legitimacy anchored in cultural authority and trust.
Human Capital & Workforce	Founder-driven with volunteers or unpaid labour; focus on building legitimacy	Mix of volunteers and staff; investment in training and leadership succession	Large paid workforce with structured inclusion of disadvantaged groups; industrial-scale training and employment	Employment framed as empowerment, healing, and cultural continuity; workforce development includes cultural mentoring and intergenerational knowledge transfer.
Impact Measurement & Learning	Anecdotes, stories, small surveys; focus on legitimacy and proving worth	External standards and evaluators (e.g., GiveWell, Fairtrade) to demonstrate credibility	Comprehensive reporting with financial/social metrics; aligned to government accountability frameworks	Success measured in cultural, social, and environmental terms (e.g., strengthening communities, preserving culture, sustaining Country) rather than conventional statistical metrics.
Financial Sustainability & Recovery	Fragile revenue base reliant on donations, grants, and modest trade	Diversified funding with earned income, philanthropy, and early corporate partnerships	Strong asset base, multiple revenue lines, government contracts, and surpluses reinvested for long-term sustainability	Blended financial models combining trade, grants, and community contributions; recovery processes focus on sustaining community benefits and cultural integrity.

PART C

STATE-WIDE SURVEY AND FINDINGS



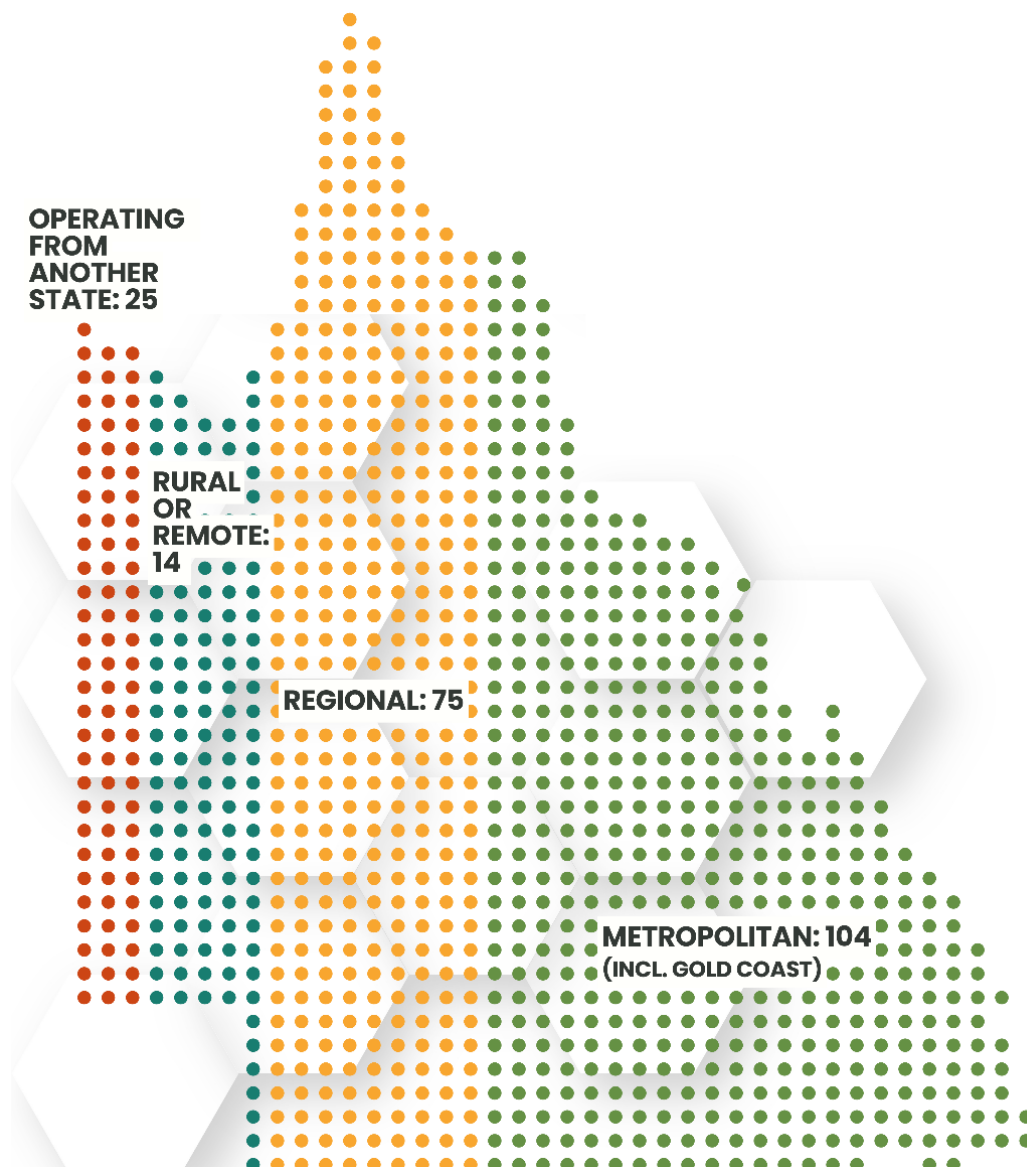
PART C: STATE-WIDE SURVEY AND FINDINGS

The findings from a state-wide survey were designed to provide a contemporary, data-driven account of Queensland's social enterprise sector and to assess whether patterns identified in qualitative case studies are evident at scale. Distributed to a purpose-built database of 3,200 organisations, with tailored pathways for Indigenous and non-Indigenous enterprises, the survey generated 308 responses (9 per cent), of which 263 verified social enterprises were included in the final dataset. Building on the 2019 KPMG mapping for Jobs Queensland, this survey extends beyond sector profiling to examine how enterprises navigate different growth stages and operating contexts. Together, the findings offer one of the most substantial quantitative evidence bases for the sector, enabling analysis of business models, employment, value creation, resilience, and the policy settings shaping future development.

RESPONDENT SOCIAL ENTERPRISE PROFILE

LOCATION

The surveyed social enterprises were primarily based in Metropolitan Queensland, followed by Regional Queensland and other locations.



As summarised in Table 8, participating social enterprises were predominantly metropolitan-based (n = 104). This is consistent with earlier evidence of an urban concentration of social enterprises in the state (KPMG, 2019), while also recognising that many enterprises operate across regional centres and dispersed areas such as Toowoomba and Darling Downs, Central Queensland, the Queensland outback, and the Sunshine Coast. Interestingly, Table 8 also indicates strong engagement beyond the metropolitan area, with 89 respondents located in non-metropolitan Queensland (regional and rural/remote). This level of participation highlights the growing presence of social enterprises in regional and rural economies, despite ongoing ecosystem constraints including servicing dispersed communities and operating within smaller, less diversified markets. Two case studies featured in this report, drawn from regional and remote Queensland, illustrate the sector’s vibrancy and diversity. *Vanguard Laundry* (p.107) operates a successful commercial laundry in Toowoomba while creating meaningful employment and training opportunities for people with disability. *Mayi Market* (p.73), an Indigenous social enterprise based in north Queensland, delivers affordable fresh food to remote Cape York communities.

Table 8: Locations of social enterprises

LOCATION	NUMBER	PERCENTAGE
Regional Queensland	75	28.5%
Metropolitan Queensland (including Gold Coast)	104	39.5%
Rural (or remote) QLD	14	5.3%
Operating in Metropolitan and Regional areas	39	14.8%
Operating from another state	25	9.5%
	Total	257
	Missing	6
	TOTAL	263
		100%

GROWTH STAGE

The growth stages of surveyed social enterprises displayed bell distribution that the mid-growth (109) or early growth stages (88) dominating the sample with fewer in start-up (19) and higher growth stages (47).

Table 9: Growth stage of social enterprises

GROWTH STAGE	NUMBER	PERCENTAGE
Start-up	19	7.2%
Early growth stage	88	33.5%
Mid-growth stage	109	41.4%
Higher growth stage	47	17.9%
	TOTAL	263
		100%

In terms of ownership/management, the surveyed social enterprises mostly fall within non-Indigenous category (253). Only a small proportion (3.8%) were Indigenous-owned or operated.

Table 10: Whether Indigenously operated

INDIGENOUS OPERATED	NUMBER	PERCENTAGE
Yes	10	3.8%
No	253	96.2%
	TOTAL	263
		100%

DEMOGRAPHIC GROUPS SERVED BY SOCIAL ENTERPRISES

The survey investigated the key demographic groups targeted by social enterprises in Queensland. This line of inquiry builds on prior studies and aligns with common practice in assessing the breadth and depth of social sector impact. Understanding which communities are being served also helps identify service gaps—areas where additional support or targeted policy interventions may be required to strengthen the social economy.

Historically, Queensland’s social enterprise sector has been considered relatively small compared to both international and interstate counterparts. For instance, in 2022, the United Kingdom reported over 100,000 social enterprises, actively serving a wide spectrum of social needs. However, KPMG (2019) identified only 300 social enterprises in Queensland at the time, with the majority (60%) concentrated in just four industry sectors. This narrow concentration highlighted both the sector’s early-stage development and its limited reach across the broader social economy.

Our study reveals a significant expansion in the range of demographic groups now being supported by Queensland social enterprises. Illustrated in Figure 5 are the groups more highly serviced by social enterprises in Queensland.



Figure 7: Groups most highly serviced by social enterprises in Queensland

Notably, social enterprises are also beginning to address emerging and complex social issues. These include:

- Individuals affected by addiction (32),
- People experiencing domestic or family violence (53),
- Environmental sustainability-focused communities and initiatives (49).

These findings indicate that Queensland’s social enterprise sector is evolving in both scope and sophistication. The sector is increasingly responsive to contemporary social challenges, expanding its demographic reach beyond its earlier limitations. This evolution signals new opportunities for collaboration, investment, and policy development to strengthen and scale social impact in Queensland. As shown in Table 11, social enterprises today are addressing a wider variety of social needs than previously reported.

Table 11: Demographic groups that are served by social enterprises

DEMOGRAPHIC GROUP SERVED	NUMBER
People living in a particular community	98
Aboriginal and Torres Strait Islander peoples	95
Children and teens (aged 0-14)	103
Ethnic group/minority	65
People experiencing homelessness	50
Refugee/Migrant	55
Low income or jobless individuals/families	75
People living with addictions	32
People experiencing Domestic Violence	53
People exiting justice or correctional settings	25
People experiencing mental health	85
People experiencing other barriers to employment	64
Long Term Unemployment (5+ years)	38
People with a disability	85
Senior/elderly persons	103
Youth/young adults/students (people aged between 15-24 years)	109
Environment and sustainability	49
Providing a cultural benefit	64
Others	59

OPERATING ENVIRONMENT AND STAKEHOLDER RELATIONS

Social enterprises operate in highly complex stakeholder environments, with legitimacy and long-term viability shaped by trust and alignment across multiple groups. Unlike commercial firms, which primarily engage customers and competitors (Kohli & Jaworski, 1990), social purpose organisations must balance the expectations of beneficiaries, funders, volunteers, employees, and competitors for scarce resources (Jayawardhana et al., 2024). Managing this expanded stakeholder ecosystem is therefore not incidental but a core capability that influences performance, accountability, and policy effectiveness.

Importantly, in contrast to customers in commercial markets, who exercise substantial "voting power" through their purchasing choices, SPO beneficiaries often lack economic agency and have few or no alternatives for service consumption (Duque-Zuluaga & Schneider, 2008). The costs associated with serving these groups are typically covered by donors, whose expectations and concerns influence how SPOs design their service offerings and fundraising strategies (Austin et al., 2006). These donors are increasingly focused on accountability and transparency, wanting assurance that their contributions reach intended recipients effectively (Human & Terblanche, 2012; Knowles & Gomes, 2009). Volunteers, similarly, play a vital role in SPO operations, providing essential labour for fundraising and service delivery (Esmond et al., 2004; Stukas et al., 2009).

In recent years, SPOs have faced intensified competition due to shifts in government funding and a growing number of organisations vying for the same donor and volunteer pools (Weerawardena & Sullivan Mort, 2006). These dynamics underscore the importance of managing stakeholder relationships strategically to secure external legitimacy and sustainability.

THE HYBRID CHALLENGE AND MULTIPLE STAKEHOLDERS

Social enterprises, by virtue of their hybrid model and dual value orientation (social and commercial), operate in an even more complex stakeholder environment. According to Spanuth and Urbano (2023), social enterprises interact with a diverse set of actors, including:

- Government agencies (policy and regulation)
- Investors and financial institutions (funding)
- Development agencies (capacity-building and finance)
- Customers (markets)
- Employees and volunteers (human capital)
- Media (public legitimacy)
- Communities and society at large (social licence to operate)

These stakeholders can be conceptually grouped into a triangular framework comprising:

- those aligned with the social mission,
- those concerned with commercial viability, and
- those offering financial, managerial, and regulatory support.

Each group provides critical resources that enable social enterprises to pursue growth while maintaining financial and social performance (Granados & Rosli, 2020).

RESOURCES AND SUPPORT SOUGHT FROM MULTIPLE STAKEHOLDERS

The current study explored the stakeholder relations and resources and support services that social enterprises seek from various stakeholder groups. Respondents identified and ranked the importance of these influences, revealing the multifaceted dependencies that shape their operations.

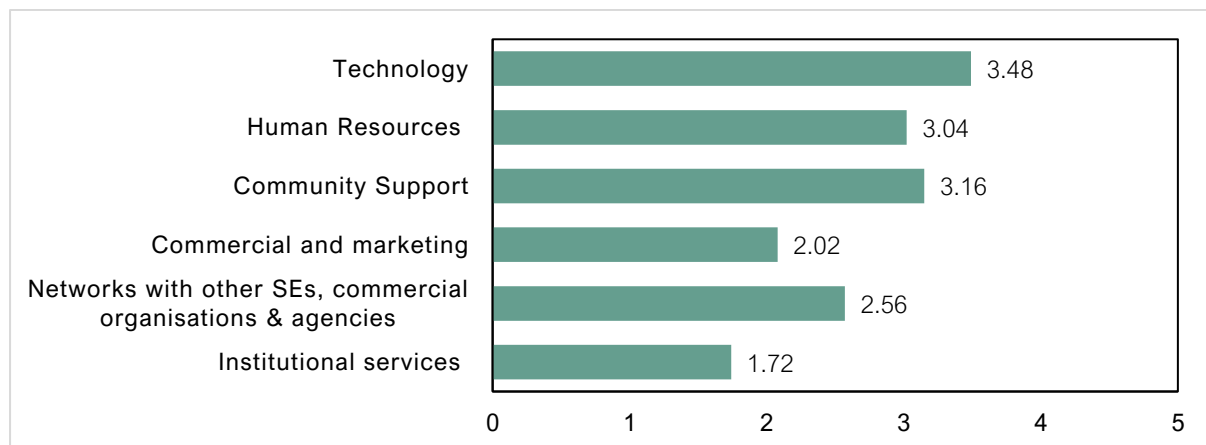


Figure 8: Support services sources from multiple stakeholders

While all stakeholder groups provide services essential to the effective management of a social enterprise, three types of support emerged as most prominent in our study: technology, community support, and human resources. These represent foundational enablers for both the social and commercial activities of social enterprises.

Technology

There is growing consensus that digital and information technologies are no longer a luxury but a vital facilitator for scaling operations. Technology supports both:

- Breadth scaling—increasing the number of beneficiaries reached.
- Depth scaling—enhancing the quality and impact of engagement in targeted communities.

As Garcia et al. (2013) suggest, the adoption of ICT enables social enterprises to:

- Recognize community needs quickly and accurately
- Generate new opportunities
- Adapt services and products effectively
- Build and sustain social capital.

Additionally, access to new digital tools improves visibility and opens new channels for reaching beneficiaries, funders, and customers. Ensuring uninterrupted access to appropriate technology remains a key priority for sustainable growth.

Our study participants indicated following technology-related support as important for their social enterprises:

- Uninterrupted access to network and digital services
- Access to technology that enhances production or service delivery

Community support

Community support ranked second in importance, reflecting its dual contribution to both the social mission and commercial operations of the enterprise.

- On the social side, donor funding and volunteer engagement represent essential forms of community-driven support. Volunteering is widely recognized as a pro-social behaviour, where individuals willingly offer their time to help others, a cause, or a community (Wilson, 2000).
- On the commercial side, communities contribute by purchasing products and services and by spreading positive word-of-mouth that enhances brand reputation and legitimacy.

However, community support is not unconditional. Negative perceptions—particularly if commercial sponsorships are seen as inconsistent with the enterprise’s social mission—can lead to decreased engagement or even withdrawal of support (Ramus & Vaccaro, 2017). Maintaining alignment between stated values and operational decisions is therefore critical.

Following areas of community support are cited as important by our study participants for their social enterprises:

- Volunteer contributions from the community
- Community donations and financial support
- Purchasing of social enterprise products/services by the community
- Word-of-mouth promotion and local advocacy

Human resources

Social enterprises often demand specialized, sector-specific competencies that are scarce in the labour market (Battilana & Lee, 2014; Royce, 2007). For example, Australian nonprofit aged care providers, which historically relied on volunteers, have had to adapt to the introduction of the National Disability Insurance Scheme (NDIS). With clients now empowered to choose their service providers, these organisations are compelled to retain experienced, professional staff to deliver high-quality services and foster long-term relationships.

Despite this need, social enterprises are typically limited in their ability to offer competitive remuneration, as profits are reinvested in social missions (Austin et al., 2012; Doherty et al., 2014). This constraint

significantly affects their ability to attract and retain skilled staff (Liu et al., 2014; Ohana & Meyer, 2010). This issue is explored further in the next section, *Balancing Mission and Money*.

Our study participants indicated following human resources as important for their social enterprises:

- Access to skilled personnel
- Availability of volunteers

Networks and collaboration

Entrepreneurship literature emphasizes the importance of building networks to secure critical resources and navigate different stages of growth (Folmer et al., 2018). For social enterprises, which often operate under significant internal resource constraints, these networks are even more crucial. While both competition and collaboration coexist in the social sector (Jayawardhana et al., 2024), collaboration can offer significant strategic value. For instance, joint initiatives, such as bidding for large funding contracts help reduce individual organisational burden and increase success rates (Montgomery et al., 2012).

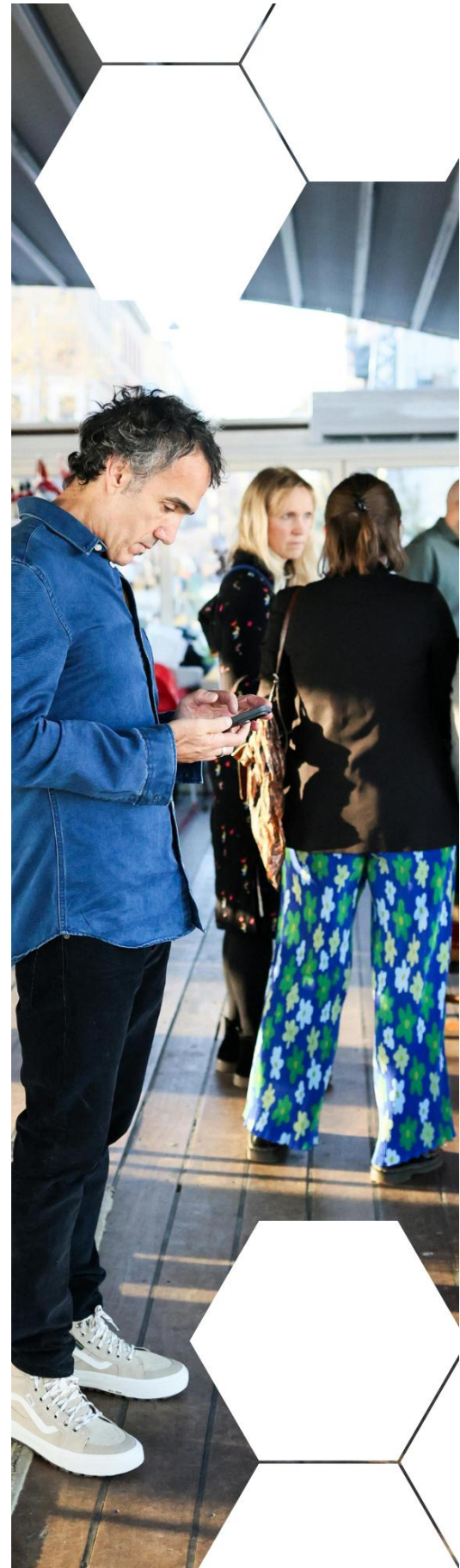
Our study findings identify the following resources as important for networking with other social enterprises, commercial entities and agencies:

- Sharing of experiences and best practices
- Partnerships with commercial entities for income generation
- Joint initiatives (e.g. grant applications or procurement alliances)

Commercial and marketing skills and resources

Given their dual value orientation, social enterprises require strategic marketing skills to succeed in both income generation and mission advancement. Existing literature suggests that social enterprises seek skills and expertise in following marketing activities.

- **Market learning:** Understanding the needs of donors, volunteers, and customers, and designing appropriate offerings (e.g., fundraising schemes or social services) that resonate with these audiences.
- **Brand development:** Building strong, resilient brands that distinguish the enterprise from competitors and convey trustworthiness, especially during fundraising campaigns (Weerawardena & Sullivan Mort, 2012). However, balancing social and commercial goals can sometimes result in brand confusion or reduced credibility in the eyes of stakeholders (Weerawardena & Previte, 2018).
- **Product and service innovation:** The ability to develop new offerings that address changing stakeholder needs and market conditions.
- **Marketing communication:** Entrepreneurial marketing tactics, especially content marketing, have gained traction. These include producing free, valuable content through blogs, podcasts, social media, newsletters, videos, or online magazines to engage commercial stakeholders and inspire support (Weerawardena, 2018).



- **Role of digital media in brand building:** Digital media, particularly social platforms play a pivotal role in disseminating marketing messages and strengthening the brand presence of social enterprises. Developing resilient brands helps social enterprises differentiate their cause from competitors in the fundraising space (Weerawardena & Sullivan Mort, 2012). However, pursuing both social and commercial value can make the social enterprise brand vulnerable to negative perceptions from external stakeholders, potentially reducing brand value (Weerawardena & Previte, 2018).
- **Marketing Communication Capabilities:** Given their inherent resource constraints, social enterprises can benefit from entrepreneurial marketing strategies, such as publicity-oriented content creation, to gain visibility without incurring significant costs (Mort et al., 2012).
- **Content Marketing as a Strategic Tool:** Content marketing functions a highly effective approach for social enterprises by supporting stakeholder engagement, trust-building, and conversion into customers or supporters. Through webpages and blogs, e-newsletters, podcasts and videos, social media communications, and online publications or web-based media, organisations communicate purpose, demonstrate value, and maintain visibility in resource-constrained environments.

The goal is to provide value-driven, engaging content that inspires potential donors, customers, and other commercial stakeholders to support the organisation's cause (Weerawardena, 2018).

Our study findings reveal following marketing related skills and expertise are sought by social enterprises.

- Opportunities to engage in income-generating activities (e.g. service contracts)
- Integration into supply chains
- Access to marketing and distribution platforms

Institutional Services

Finally, institutional support was identified as an underdeveloped but potentially powerful enabler of growth. This includes both tangible and intangible forms of assistance:

- Tangible support: Grants, subsidies, and direct funding.
- Intangible support: Training, help with grant applications, endorsements, and facilitation of networking opportunities (Lorraine et al., 2015).

Despite relatively lower ratings for institutional services in our findings, their role in strengthening social enterprise ecosystems should not be underestimated, particularly in bridging capability and resource gaps.

OUR FINDINGS: SECTOR PRIORITIES

Our study findings indicate that participant social enterprises view the following institutional support services as important:

- Federal government support
- State and local government services
- Access to lenders and venture capital providers

The survey findings highlight the need for coordinated, system-level support to strengthen Queensland's social enterprise sector, particularly in relation to technology adoption, community engagement and workforce development. Low ratings for institutional support point to persistent structural gaps that limit enterprise capability and sector-wide resilience. These insights signal a critical opportunity for the Queensland Government and ecosystem partners to reposition themselves as strategic enablers, shaping an environment that supports innovation, reduces operational barriers and accelerates the growth of a robust social economy across the state.

BALANCING 'SOCIAL MISSION' AND 'MONEY'

The dual value orientation inherent in the social enterprise business model requires organisations to effectively manage the tension that arises from simultaneously addressing goals associated with different stakeholder commitments—referred to as *mandates*. Mandates are defined as requirements imposed by external bodies—such as funders, governments, or accreditation agencies—that a social enterprise must observe or practise (Mair, 2020).

Dual institutional logics

Social enterprises operate at the intersection of social and commercial logics that are often treated as competing or even contradictory (Weerawardena, McDonald & Sullivan-Mort, 2010; Barragato, 2019). Successfully balancing these dual mandates is therefore central to long-term sustainability. Internally, tensions can arise as staff prioritise social or commercial goals differently, leading to competing expectations and decision-making challenges (Yaari et al., 2020). Externally, enterprises must establish trust and value alignment with stakeholders such as government agencies, academic institutions, and partner organisations to support growth and legitimacy (Maksum et al., 2020). While commercial activity is essential for generating revenue (Ebrahim et al., 2014), excessive emphasis on market goals can increase the risk of mission drift, undermining social purpose and stakeholder confidence (Ramus & Vaccaro, 2017). This risk is particularly acute for social enterprises because commercial income often underpins their financial viability, and deviation from mission directly threatens their reason for existence and capacity to deliver social value (Ebrahim et al., 2014).

Two schools of thought on managing tension

Therefore, it is absolute necessity for the social enterprise to manage the tension arising from the simultaneous pursuit of dual institutional logics. Two schools of thought currently dominate the debate on how best to manage this tension:

- **Structural separation:** This approach proposes reducing tension by compartmentalising social and commercial logics into separate departments with separate staff skilled in specific orientation. While it simplifies role clarity, it often leads to suboptimal outcomes, trade-offs, and divided loyalties among staff (Jarzabkowski et al., 2009). Obviously, this approach is beyond the inherently resource-constrained social enterprises.
- **Logic blending:** An emerging and increasingly favoured approach involves reducing the incompatibility between social and commercial logics by blending them into new, integrated practices and organisational structures (Dalpiaz et al., 2016). This enables dynamic adaptation and avoids rigid separation.

OUR FINDINGS: MISSION-MONEY BALANCE

Our study explored how Queensland social enterprises experience and manage the tension between social mission and commercial viability. Respondents provided insights into four key aspects:

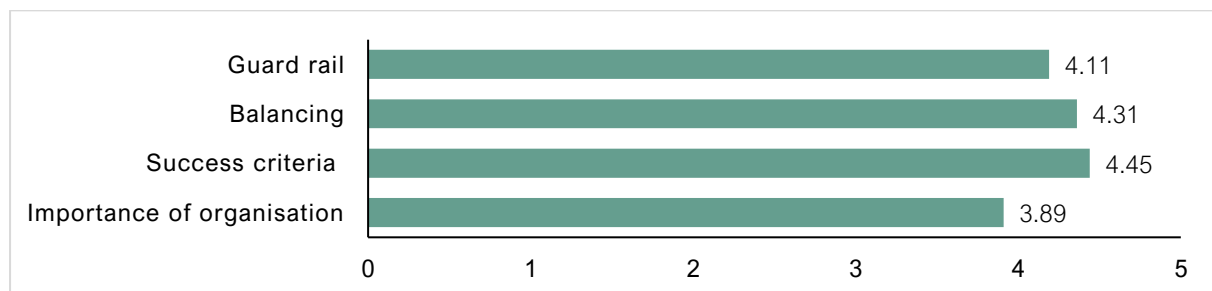


Figure 9: Strategies for balancing 'mission and money'

THE IMPORTANCE OF BALANCING TWO INSTITUTIONAL LOGICS

Respondents rated the need to balance commercial and social orientations as a high priority (M = 3.89, SD = 0.96). This reflects the central challenge of operating as hybrid organisations that must generate revenue while pursuing mission outcomes. Specific areas identified as most important for achieving this balance included:

- Generating adequate commercial income streams.
- Maximising long-term return on investments.
- Initiating projects that deliver greater social value to target communities.

Balancing as a measure of success

The highest-rated success criterion was “balancing social purpose with commercial activities” (M = 4.45, SD = 0.70). Respondents defined organisational success in terms of several interconnected dimensions, including:

- Consistent revenue generation, and
- Fulfilment of social goals.

How balancing is achieved

Respondents (M = 4.31, SD = 0.857) reported adopting several strategies to manage and balance competing social and commercial logics, including:

- Considering both social purpose and commercial goals in strategic decision-making.
- Prioritising commercial activities that align with the enterprise’s social mission.
- Ensuring revenue-generation does not compromise social objectives.

Sustainable hybridity requires social enterprises to blend and continuously adapt their commercial and social logics, a process aligned with the logic-blending approach described by Dalpiaz et al. (2016) and supported by Smith and Besharov’s (2019) argument that organisations must recalibrate meanings, values and practices to manage persistent tensions. This literature suggests that social enterprises need adaptive capabilities to navigate their dual mission, including:

- Adaptive project capability: The ability to manage, coordinate and execute initiatives effectively, drawing on internal skills and experience (Davies & Brady, 2016).
- Adaptive leadership: The capacity of leaders to enable others to respond to change and conflict, and to align stakeholders around evolving priorities (Heifetz & Laurie, 1997).

GUARDRAILS TO PREVENT MISSION DRIFT

To prevent mission drift, social enterprise leaders develop “guardrails”—formal or informal mechanisms that ensure a consistent focus on both commercial and social goals. These include:

- Governance structures that monitor alignment between business decisions and social mission (e.g., board oversight).
- External expectations from stakeholders such as funders, beneficiaries, and government agencies.

As Smith and Besharov (2017) found in a longitudinal study of a Cambodian social enterprise, such guardrails emerged as leaders experimented with new practices and redefined the boundaries of their dual missions. In one instance, an excessive focus on financial support to beneficiaries beyond the core mission led to a period of financial instability—referred to as “bumping against the guardrails.”

A recent study in South Africa (Osembo et al., 2025) identified three types of guardrails used by resource-constrained social enterprises:

- **Community embeddedness:** Proximity to beneficiaries and negotiating with funders to support local needs.
- **Mission agility:** Flexibly pursuing funding while maintaining alignment with mission.
- **Proactive monitoring and evaluation:** Involving communities in program design and regularly assessing mission alignment.

Respondents indicated a strong emphasis on organisational guardrails ($M = 4.11$, $SD = 1.04$). Two prominent forms of guardrails were identified:

- **Governance oversight:** Board members actively ensure that commercial decisions support the social purpose.
- **Stakeholder expectations:** Donors, government agencies, and beneficiaries hold the enterprise accountable to both social and commercial outcomes.

This section of the survey demonstrates that balancing mission and commercial imperatives is not simply a management challenge but a defining feature of successful social enterprises. Practitioners must embed dual-logic thinking into leadership, decision-making and operational processes, while policy planners need to adopt responsive, integrated approaches that recognise hybrid models and provide support through funding mechanisms, governance structures and capability-building initiatives. The Queensland Government is well positioned to drive this shift by developing enabling infrastructure, adaptive programs and cohesive policy frameworks that strengthen the operating environment for social enterprises and support their ability to achieve social impact while maintaining commercial viability.



DEVELOPING AND NURTURING STRATEGIC CAPABILITIES

STRATEGIC CAPABILITIES AND COMPETITIVE POSITIONING

The dynamic capabilities-based view of competitive strategy (Teece, 2007; 2009), which currently dominates the firm strategy literature, asserts that for an organisation to outperform its competitors, it must possess a well-developed set of organisational capabilities (Weerawardena et al., 2015). Capabilities are broadly defined as a firm’s specific capacity to “deploy resources, usually in combination, using organisational processes, to affect a desired end” (Makadok, 2001, p. 388). These capabilities play a central role in generating new knowledge and enabling the firm to explore and exploit emerging market opportunities.

Several key concepts from capabilities theory are particularly relevant to the present study of social enterprises:

- **Strategic selection of capabilities:** No organisation can excel in all operational areas. Therefore, it must make deliberate strategic choices about which capabilities are essential to achieving competitive advantage. For social enterprises, this selection should be guided by their mission, the specific communities they serve, and stakeholder expectations. The capabilities chosen should be those that enable the enterprise to sustain its operations, differentiate its value proposition, and respond to its operating environment.
- **Organisational routines and capability development:** Developing a capability to the level of a strategic advantage is a long-term process. It typically involves repetitive patterns of learning, experimentation, and adaptation—referred to as ‘organisational routines’ (Zollo & Winter, 1999). For instance, building a strong fundraising capability requires years of accumulated practice in understanding donor motivations, crafting effective communication strategies, and cultivating long-term relationships with funders. These routinized practices are essential for turning a basic functional activity into a sustained strategic capability.

CAPABILITIES FOR NAVIGATING CHALLENGES AND SUSTAINING GROWTH IN SOCIAL ENTERPRISES

Participants in the study, who are managers of social enterprises, identified several critical capabilities that are essential for navigating challenges, sustaining growth, and enhancing competitiveness in their respective markets. These capabilities, ranked in order of importance, are outlined below.

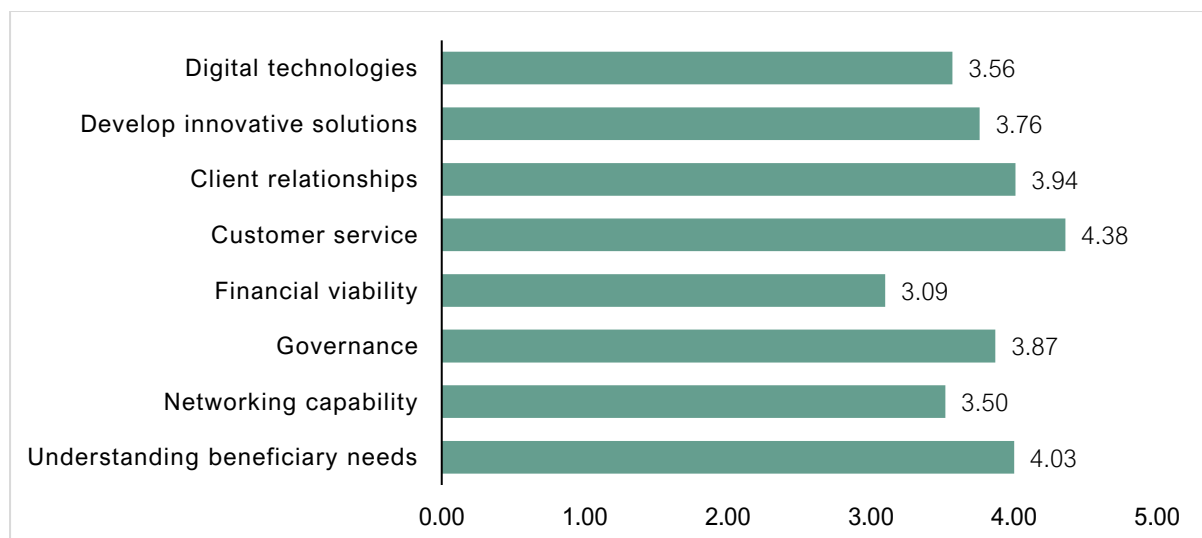


Figure 10: Organisational strategic capabilities



Social enterprise managers rated the following capabilities as critical for navigating challenges, sustaining growth, and competing effectively in their markets. Capabilities are presented in order of importance.

1. Customer service (Delivering Quality Service to Clients)

As social enterprises increasingly engage in commercial activities, the ability to deliver high-quality customer service is crucial. While their mission is fundamentally social, they must operate with the professionalism and customer focus of traditional business enterprises.

Customers may include:

- Ethical consumers purchasing socially responsible products such as Fairtrade goods.
- Corporate clients seeking partnerships to fulfill Corporate Social Responsibility (CSR) commitments.

Despite their social mission, social enterprises must build strong customer service capabilities to meet the expectations of these diverse stakeholder groups. This includes:

- Enhancing communication and customer interaction.
- Improving the shopping or service experience.
- Focusing on first impressions, particularly with new or ethically motivated consumers.

To achieve these objectives, social enterprises must invest in developing a skilled, professional, and committed workforce. Unlike traditional nonprofits that often depend on volunteer labour, social enterprises require paid professionals who can ensure continuity, deliver consistent service, and build lasting customer relationships.

2. Understanding beneficiary needs

A deeper understanding of beneficiary needs was also rated as a highly important capability (M = 4.03, SD = 0.98). This reflects the centrality of developing a deep understanding of the communities served, as social enterprises are established to support and empower marginalised or underserved groups. Ensuring that services and initiatives remain aligned with the real and evolving needs of these communities is fundamental to achieving long-term impact and sustaining organisational relevance.

According to Lorenzo-Afable et al. (2020), beneficiaries should not only be recipients of services but also active participants in shaping the enterprise. This means embedding beneficiary engagement into the operational and strategic processes of the organisation.

Moreover, the broader literature on social impact highlights the importance of incorporating the 'beneficiary voice' into performance measurement and value creation strategies. Nichols (2010) emphasizes that excluding beneficiary perspectives risks marginalization and can ultimately undermine the growth and effectiveness of the social sector.

Therefore, enterprises must:

- Invest in mechanisms to listen and respond to beneficiary feedback.



- Co-create solutions with beneficiary communities.
- Use this engagement to inform impact measurement and strategic decision-making.

Understanding and integrating the needs of beneficiaries not only ensures mission alignment but also strengthens legitimacy and long-term viability in the eyes of funders, partners, and the communities served. As our featured case studies demonstrate this is a foundational capability that facilitates social enterprise growth.

3. Client Relationships: Building long-term commercial partnerships

In addition, social enterprises must have well-developed skills to build mutually beneficial relationships with commercial clients. For example, a social enterprise having its social purpose as providing training to the disabled for garden maintenance may undertake contract for garden maintenance. While the social enterprises are having sustainable commercial arrangement to achieve its social mission for the commercial partner it will be CSR initiative.

Cultivating strong, mutually beneficial relationships with commercial clients is a critical strategic capability that underpins the financial viability of social enterprises.

Drawing on their literature review of relationship management practices within social enterprises, Alinaghian and Razmdoost (2021) identify four key practices that support the development and maintenance of business relationships:

- **Initiation:** Identifying and accessing potential business partners through various drivers, such as individual networks, community engagement, beneficiary needs, or market opportunities.
- **Persuasion:** Engaging in strategies to influence and encourage businesses to form partnerships. These include framing mutual benefits, fostering solidarity, shaping collaborative dialogue, and appealing to institutional logic.
- **Conflict Resolution:** Addressing potential conflicts between commercial and social logics through methods such as avoidance, hybridisation, negotiation, and institution-building.
- **Value Creation:** Generating value from partnerships through resource utilization, joint-resource initiatives, and replication of successful models.

These practices support social enterprises in navigating complex commercial landscapes while maintaining a focus on social objectives. As our featured case study of Vanguard commercial laundry demonstrates this is a critical capability for assuring commercial income sources to support the social mission.

4. Governance: Balancing oversight and social mission

Governance refers to the systems and processes that ensure the overall direction, effectiveness, supervision, and accountability of an organisation (Cornforth, 2003). For social enterprises, governance is particularly important—not only to ensure compliance with policies and regulations but also to safeguard the organisation's social mission in the face of market demands.

As Ebrahim et al. (2014) emphasize, social enterprises face a distinct governance challenge due to their hybrid nature: balancing the pursuit of social impact with the need to generate commercial revenue. This duality creates tension that must be carefully managed to avoid mission drift. As they note: "Since social enterprises



combine both the business and charity forms of organizing in their core, they are accountable for delivering both financial and social results, and for ensuring that their dual performance objectives are complementary rather than contradictory" (Ebrahim et al., 2014, p. 92).

To address this, Ebrahim et al. (2014) propose three key governance functions for social enterprises:

- **Monitoring the relationship** between social and commercial activities to ensure strategic alignment;
- **Developing control mechanisms** that assess and guide managerial performance; and
- **Implementing meaningful downward accountability** measures that reflect the voices and interests of beneficiaries.

Effective governance, therefore, is not simply about oversight; it is about consciously balancing dual objectives and ensuring that the enterprise remains true to its social purpose while remaining financially sustainable.

[5. Develop innovative solutions](#)

Developing innovative solutions, both for beneficiaries and through income-generating activities, was rated as an important capability (M = 3.76, SD = 1.09). This reflects the dual mission of social enterprises, which must create meaningful social value for their target communities while maintaining financial sustainability. Innovation is therefore required on two fronts: designing effective solutions that address beneficiary needs and developing commercially viable offerings that support ongoing operations.

Social enterprises draw on established social innovation typologies developed for social purpose organisations, encompassing innovations in products, services, processes, markets, organisational forms, and business models (Caulier-Grice et al., 2012). What distinguishes social enterprises, however, is the active involvement of beneficiaries, who are often required to contribute to the cost of goods or services. This necessitates innovations that are both socially responsive and economically viable.

On the commercial side, social enterprises must also innovate to attract corporations, philanthropic funders, and impact investors by articulating value propositions that combine social impact with financial sustainability. As Kong (2010) argues, this strategic work extends beyond internal resource allocation to include the acquisition and mobilisation of external resources—knowledge, relationships, and networks—that constitute intellectual capital. Ultimately, the capacity to reconcile commercial imperatives with social purpose depends on continuous innovation in organisational practices, funding models, and stakeholder engagement.

[6. Digital technology adoption capability](#)

The capacity to use digital technologies for strategic purposes emerged as an increasingly important capability for social enterprises. While this capability received a moderate rating from participants, the broader literature suggests its strategic relevance for long-term sustainability and impact.

Prior research shows that social enterprises are more likely to achieve both social and financial goals when they actively engage with digital technologies, leading some to argue that digital capability is now a non-negotiable resource for organisational



success (p. 102302). Consistent with this, Parthiban et al. (2020) demonstrate how digital social innovation can be used to address institutional voids, illustrating the role of digital tools in overcoming systemic constraints in low-resource contexts.

Building on these insights, He et al. (2022) introduce the concept of **digital hybridity**, which describes how social enterprises can integrate digital technologies across three key mechanisms:

1. **Digital social outreach:** Enhancing engagement and access to beneficiaries and stakeholders.
2. **Data-driven financial operations:** Improving financial efficiency and decision-making.
3. **Digital innovation:** Creating new service models and solutions through technology.

These mechanisms allow social enterprises to not only improve internal operations but also to expand their reach, enhance impact measurement, and increase responsiveness to community needs. Thus, digital hybridity serves as a strategic framework for embedding technology into both social and commercial dimensions of enterprise performance.

While digital capability may not have been rated as the most critical by respondents, the growing digitization of service delivery, fundraising, and stakeholder communication suggests that developing digital maturity will be essential for future-proofing social enterprises.

[7. Networking capability](#)

Networking capability, defined as the ability to access new knowledge through relationships with other social enterprises and stakeholders, received a moderate importance rating from respondents ($M = 3.50$, $SD = 1.07$). Broadly this capability is suggested as important for any resource-constrained small and medium size organisation as networks provide valuable access to these organisations to overcome such constraints.

These networks are important for the social enterprise to remain connected with their multiple stakeholders and “to build a ‘sense of belonging’, trust and collaboration” (Sforzi & Bianchi, 2020, p. 294). The development of relationship building skills to foster the sustainability and growth of the social enterprise is fuelled by the intrinsic quest to find innovative pathways to develop the social enterprise (Müller et al., 2023). The establishment of stakeholder communication thereby facilitates the sustainability of social enterprise (Ince & Hahn, 2020).

[8. Achieving financial viability](#)

The capacity to generate new income sources and access external capital, a core element of achieving financial viability, received the lowest importance rating among the capabilities assessed ($M = 3.09$, $SD = 1.25$). Despite this lower rating, research underscores the critical role of financial diversification in sustaining hybrid organisations. Social enterprises must maintain financial viability while pursuing their dual missions, and adopting hybrid practices that prioritise the development of diverse income streams is widely recognised as essential for long-term sustainability (Powell et al, 2019).



The ability to generate an income stream that exceeds expenditures, has been found to positively influence their level of growth (Zainol et al., 2019). Financial capabilities related to revenue generation can potentially be positively impacted by the social enterprise's ability to access external capital. External capital can be gained through key stakeholders from alliance-building, partnerships, and inter-organisational relationships to achieve the social objectives of social enterprises (Bloom & Chatterji, 2009).

Powell and colleagues (2019) offer a rich account pertaining to the importance of understanding the demands of their various stakeholders to avoid mission drift. Examples of key stakeholders include the "local community, their service users, internal staff and other organisations delivering public services as well as the local council who they deliver their contracts for" (Powell et al., 2019, p. 172).

Ab Samad and colleagues (2019) further highlights the significance of stakeholders as a valuable funding source for the social enterprise. Consequently, inadequate capability development aligned with a social enterprise's financial viability potentially will negatively impact its stability and growth performance.

INTERPRETING CAPABILITY PRIORITIES IN CONTEXT

Broadly, the capabilities identified by participants align with the overarching goals of social enterprises. Specifically, they support:

- **Staying focused on the social mission** (e.g., understanding beneficiary needs)
- **Achieving financial sustainability** (e.g., developing financial viability)
- **Building organisational resilience and adaptability** (e.g., customer service, managing client relationships—particularly within commercial mandates)
- **Ensuring mission alignment and accountability** (e.g., governance)

These capabilities reflect a balanced approach to managing the dual mission of social enterprises—blending social impact with financial and operational performance.

It is important to consider the context of the survey sample, which was skewed towards early-growth and mid-growth social enterprises. As such, the capabilities identified can be interpreted as a general profile of growth-enabling capabilities for enterprises at these stages of development.

However, it must also be acknowledged that capability development is both context-specific and idiosyncratic. The relative importance of each capability may vary significantly depending on:

- The competitiveness of the market in which the enterprise operates
- The stakeholder landscape, including funders, customers, partners, and beneficiaries
- The stage of the enterprise lifecycle (e.g., startup, scaling, maturity)

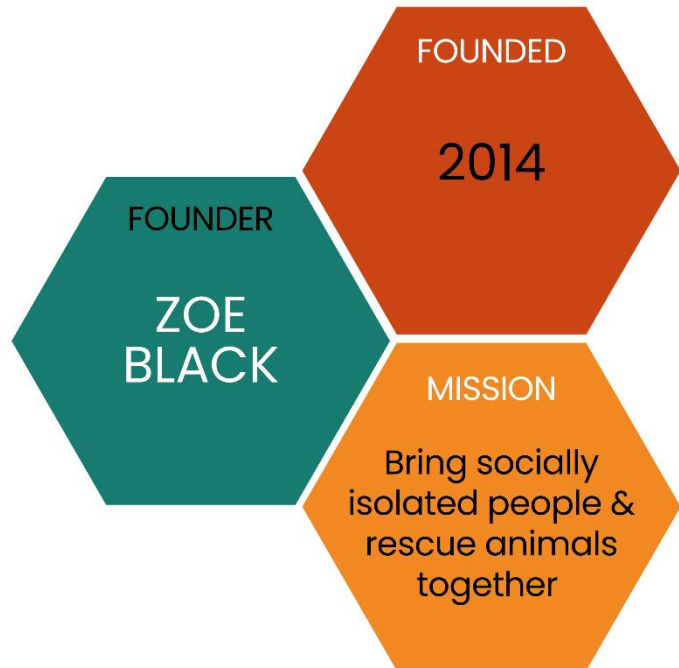
Therefore, while this study presents a useful framework for understanding capability priorities, social enterprises must adapt their capability development strategies to fit their unique operational contexts and growth trajectories.

FEATURED CASE STUDIES – STRATEGIC CAPABILITY DEVELOPMENT

The three case studies featured in this section indicate what core capabilities have helped in their current growth-oriented strategies. As a foundational capability, having a deeper understanding of beneficiary needs facilitates designing products/services needed by them. However, as can be seen the strategic capability assortment that each social enterprise opt to develop will be context specific. For example, at Vanguard commercial laundry service that highly depend on commercial contracts – the customer relationship capability appears as critically needed capability.



Zoe Black | Co-Founder & CEO



FOUNDING	Founded in 2014 by Zoe Black, the idea for Happy Paws Happy Hearts (HPHH) was born from her own experience with social isolation and the solace she found at the RSPCA Brisbane. At the same time, she observed the limitations shelters faced in caring for animals. This sparked the innovative idea: bring socially isolated people into shelters to care for rescue animals —benefiting both humans and animals through connection and purpose.
MISSION	HPHH’s mission is to bring socially isolated people and rescue animals together in shared programs within local rescue shelters across Australia. The goal is to build confidence, reduce the impacts of social isolation, and make life-enhancing connections—creating a “return-to-life” pathway that rebuilds self-esteem and social engagement through meaningful, supported experiences.

² Happy Paws Happy Hearts Foundation – Official Website Provides details on mission, programs (Basics to Train, Explore, Online Intensive, Defence Families), fee-for-service model, values, and impact figures. | Future Generation Global (FGG) – Social Impact Partner Discusses the partnership between HPHH and FGG as a social investment initiative supporting growth and scale-up. | Queensland Government – Department of State Development, Infrastructure, Local Government and Planning Community Infrastructure Investment Partnership program for facility upgrades at HPHH’s Wacol hub. | Westpac Wire Article highlighting how HPHH delivers social outcomes through animal interaction, with stories of veterans and young people overcoming trauma. | Pro Bono Australia Coverage of HPHH’s growth and positioning of its Brisbane site as Australia’s largest social inclusion venue.

REVENUE STREAMS

FEE-FOR-SERVICE MODEL

Charges per session, including Basics to Train, Online, and Explore program. This allows HPHH to serve NDIS participants (self- or plan-managed) and clients funded by Department of Veterans' Affairs or private/work insurance arrangements

FUNDING & GRANTS

As a registered charity and social enterprise, receives philanthropic and grant funding (e.g., for scaling infrastructure, scaling to new regions or supporting new cohorts who don't have access to fee-for-service funding).

SOCIAL INVESTMENT PARTNERSHIP

Received impact investment loan from Paul Ramsay Foundation and is a social impact partner of Future Generation Global (ASX: FGG). Received this funding specifically designed to support its social enterprise scale-up, combining both social and financial returns.

HPHH has invested time and effort over many years in building a set of strategic capabilities that helps it to remain competitive and grow in a challenging environment. Following are highlights.

A DEEPER UNDERSTANDING OF BENEFICIARY NEEDS

Developed a **deep and empathetic understanding** of people living in social isolation through a combination of:

LIVED EXPERIENCE & PERSONAL INSIGHT

Co-founder, Zoe Black, brought her **own experience of social isolation** into the design of the programs. She has spoken openly about feeling disconnected from society during a period in her life and how **volunteering with rescue animals** became a turning point in her recovery. This personal foundation shaped HPHH's unique approach: rather than offering a top-down model of "service delivery," it focused on meeting people where they are emotionally, psychologically, and socially.

"What began as a therapeutic experience for myself – spending time with animals in a shelter – became the blueprint for helping others who felt invisible." Zoe Black (FutureGen Interview, 2022)

COLLABORATIVE PROGRAM DEVELOPMENT WITH PARTICIPANTS

Rather than assuming needs of socially isolated individuals, built programs through **co-design** and iterative feedback from participants:

- Participants were encouraged to set their own goals within the program (e.g. improving communication, building confidence, or preparing for work).
- Group sessions were non-clinical, flexible, peer-supported, creating space for mutual feedback.
- Integrated trauma-informed practices to create psychologically safe spaces for vulnerable populations (e.g. veterans, neurodivergent youth, people with disabilities).

This person-centered, strengths-based model allowed HPHH to learn from the people they served and evolve programming to better suit their needs.

WORKING IN ACTIVE PARTNERSHIP WITH SHELTERS & COMMUNITIES

Delivering programs **inside rescue shelters** provided unique insight into how different people—across age groups and challenges—responded to structure, routine, and interaction:

- Staff and trainers observed participant behaviours in real-time.
- They noticed how people who struggled with verbal communication thrived in animal settings, often becoming more expressive through non-verbal care.

This **purposeful work for animals** created benefits for the rescue shelter partners and the confidence to interact socially.

ENGAGEMENT WITH SPECIFIC ISOLATED DEMOGRAPHICS

Over time, tailored and expanded model to suit distinct groups experiencing isolation, including:

- People with disability (especially neurodiverse individuals)
- Veterans and ex-service personnel
- Young people disengaged from education or employment.
- First responders and trauma survivors
- Older adults living alone or in aged care.

Each demographic helped inform program tweaks:

- For example, the **Explore program** was added after seeing how many participants needed more structured pathways into employment.
- The **Defence Families program** was built after identifying a gap in family-based support for service members and their loved ones.

FORMAL RESEARCH & IMPACT MEASUREMENT

To deepen understanding and refine programming, invested in:

- **Impact assessments and data collection** focused on measuring outcomes such as self-confidence, social skills, and re-engagement in education/work.
- Collaboration with partners such as Social Outcomes allows participant pathways to be tracked beyond program completion, strengthening understanding into what actually helped people reconnect with life, as well as longer-term outcomes.



TRANSFORM THE LIVES OF SOCIALLY ISOLATED PEOPLE (PROCESS DEVELOPMENT CAPABILITY)

The vocational development programs are intentionally structured to help transform the lives of socially isolated people by equipping them with real-world employability skills in a supported, purpose-driven environment.

EXPLORE PROGRAM: CORE EMPLOYABILITY SKILLS PATHWAY

The flagship capstone is a **24-week structured employment-readiness program**, targeted at individuals who have already gained confidence through foundational animal care sessions and are ready to take their next step. At a high level, the key component of the Explore Program are:

1. Real-world training in shelter environments

Throughout the employment program, participants continue their **hands-on work with rescue animals**, developing soft and hard skills in a real-life setting:

- **Routine and punctuality** through scheduled group sessions
- **Responsibility** via animal care tasks (feeding, cleaning, grooming, enrichment)
- **Teamwork** while collaborating with peers and trainers.
- **Empathy** and emotional intelligence from caring for animals.
- **Leadership** through mentoring newer participants or leading parts of sessions

2. Job-readiness training

- Focused learning modules on resume writing and cover letters; interview preparation and mock interviews; digital literacy and email communication; time management and reliability
- Staff provide ongoing **1-on-1 coaching** for participants needing extra support.

After completing the Explore Program, participants typically:

- Have a **tailored resume**, cover letter, and interview practice completed.
- Feel confident engaging in group or professional settings.
- Gain **vocational clarity** — knowing what types of work interest them.
- Pursue employment in animal care, customer service, or hospitality; vocational education or formal study; or volunteering independently in community or animal settings

Success Metric: Around two-thirds of participants go on to secure employment, return to study, or start volunteering after graduating.

IMPACT MEASUREMENT CAPABILITY

After connecting with the University of Queensland and Social Outcomes, HPHH shaped an impact measurement culture which is fit for purpose. Conscious of how it engaged with participants, and not wanting to re-traumatise them in the pursuit of showing measurable results, the focus was for participants to share their journey without using medicalised surveys based on symptoms or a deficit approach.

From the very beginning, HPHH tracked impact outputs such as hours of social connection and hours of animal training which now exceed the hundreds of thousands. However, more complex was showing measurable change in the long-term journey participants take from feeling “stuck” to new pathways. For this, a strengths-based approach was required. The organisation rolled out nationally the Life Outcomes Star, a validated measurement tool based on key psychosocial wellbeing areas. This impact culture has supported participants to advocate for their unique needs (with their individualised progress report at hand) and enabled HPHH to showcase measurable impact in programs which attracts support for future cohorts or regions.

PARTICIPANT REACH & AMBITIONS

Currently, reaches over 500 participants each week and has set a bold goal: connect 10,000 socially isolated Australians by 2032.

IMPACT OUTCOMES

- According to the 2023/24 Impact Report, participants show substantial gains in confidence, social skills, mental well-being, and practical abilities. Many graduates return to education, pursue employment opportunities, or attain greater independence.
- One touching insight comes from a young autistic participant who found comfort and structured learning through interactions with animals—reflecting how therapeutic and empowering the environment can be.

STRATEGIC PARTNERSHIPS

- **RSPCA Queensland:** first and largest animal partner organisation which started pilot programs in 2014.
- **Flight Centre Foundation:** first corporate partner since 2024, supporting vocational programs and facilitating mock interviews and staff volunteering.
- **Westpac Foundation:** Engaged through “Community Ambassadors” who help with financial literacy sessions and broader resource access, amplifying the impact of Explore.
- **Social Outcomes:** Helping develop an impact measurement framework, especially for projects serving first responders and people with disabilities.
- **Assistance Dogs Australia:** Co-creating programs to foster inclusion and support through training their puppies and advanced dogs before they are matched to high needs individuals.





**Annie Stonehouse | Executive Director
Lovewell Foundation & Lovewell Cafe**



FOUNDING

The café at Mt Gravatt Lookout opened in 2016 as “The Lovewell Project,” originally incubated in partnership with the Hope Foundation.

Today it operates as **Lovewell Café**, the social-enterprise arm linked to the Lovewell Foundation.

MISSION

To run a purpose driven café where trading revenue empowers women through employment and wraps around support from the Lovewell Foundation. The Foundation’s stated mission is to champion women’s safety, empowerment and independence.

Lovewell Foundation and Lovewell Café stand with women who want a better life. They support, encourage, champion and equip women to rebuild their lives. Women come from a range of vulnerable backgrounds of addiction, domestic violence, the sex industry, trafficking, mental health, incarceration or community orders, long term unemployment, homelessness, childhood trauma, poverty and disability. Support is coordinated through the Foundation and offers referral, in house programs, individualised counselling, group workshops (life skills, confidence, financial literacy, planning), and provides direct pathways into training, employment and entrepreneurship. Staff and mentors with lived experience are embedded in delivery.

³ Lovewell Foundation: Official Website <https://lovewellfoundation.org.au> | Lovewell Café – Official Website, *About the Café, employment pathways, and social enterprise model* <https://lovewell.com.au> | Future2 Foundation – Grant Story, *Empowering Vulnerable Women: Lovewell Foundation’s Journey with Future2* <https://future2foundation.org.au/stories/empowering-vulnerable-women-lovewell-foundations-journey-with-future2/> | The Courier-Mail (News Article, 2016), *Lovewell Café opens at Mt Gravatt Lookout to provide jobs for women rebuilding after domestic violence* [Archived link via News.com.au coverage] | Queensland Government – Social Enterprise Growth Funding Announcement, *Lovewell Café among recipients of state government support for scaling impact* (Reported in 2021–22 media releases and social enterprise fund announcements)

BUSINESS MODEL

WORK-INTEGRATED SOCIAL ENTERPRISE CAFÉ

Operates as a **hospitality business** at the Mt Gravatt Lookout, attracting steady customer traffic due to its unique location and views. Revenue is generated through food and beverage sales (coffee, café meals, events). This provides consistent earned income that sustains operations.

EMPLOYMENT PATHWAY PROVIDER

The café doubles as a **training ground**, employing women from the Foundation’s programs (domestic violence survivors and women recovering from trauma). By embedding employment into the business model, Lovewell connects commercial activity directly with its social mission.

HYBRID FUNDING

In addition to café sales, Lovewell Foundation secures **philanthropic grants and government support** to strengthen its training and mentoring programs (e.g., Queensland Government social enterprise fund; Future2 Foundation grants). These external funds expand the scale and depth of social programs beyond what trading income alone can cover.

Lovewell has invested time and effort over many years in building a set of strategic capabilities that helps it to remain competitive and grow in a challenging environment. Following are highlights

CORE STRATEGIC CAPABILITIES

DEEP UNDERSTANDING BENEFICIARY NEEDS – WOMEN AFFECTED BY DOMESTIC VIOLENCE AND TRAUMA

EMBEDDED EXPERTISE & LIVED-EXPERIENCE INSIGHT

Lovewell Foundation has deliberately integrated **counsellors, social workers, and mentors with lived experience** into its program delivery. This blend ensures not only professional support, but also empathetic, trauma-informed care grounded in real understanding. The team members’ personal journeys help create trust, connection, and relevance in all interactions.

SUNFLOWER PLACE – A SAFE, WELCOMING HUB

A dedicated, low-barrier drop-in centre which serves as the starting point for most clients. There, women can self-refer or be referred by other services. The setting enables deep connection, individualized support planning, and trust-building before participants access café-based training or work. *(Currently no physical facility. Services provided face to face, remotely or via Teams Meetings with clients.)*

CONTINUOUS RELATIONSHIP-BUILDING

Over time, Lovewell has nurtured long-term engagement with participants. The Foundation’s evolving programs—drop-in supports, workshops, casework, and mentoring—reflect responsiveness to women’s changing needs. This sustained investment established a strong, enduring understanding of beneficiaries through direct involvement and feedback.

WELL-DEVELOPED PROGRAM TO OVERCOME TRAUMA & PROVIDE EMPLOYMENT PATHWAYS

LAUNCHING THE ‘BETTER FUTURES PROGRAM’

A series of *responsive to needs* workshops designed to help women develop future goals in **areas such as employment, training, or entrepreneurship**. The program is grounded in trauma-informed principles and delivered by trained professionals. Its development represents significant program design, iterative refinement, and commitment to quality outcomes.

MENTORING AND EXTENDED SUPPORT

After workshop completion, participants are paired with trained volunteer mentors for 3 to 12 months. These mentors—many with lived experience—provide ongoing emotional support, guidance, and encouragement as women transition into training, employment, or entrepreneurship. This component reflects intentional investment in long-term resilience and social connectedness.

CAFÉ-BASED WORK-INTEGRATED LEARNING

Lovewell Café itself is a purpose-built employment pathway, offering real-life café work—in hospitality, customer service, and operations. The café environment is designed to be supportive and learning-focused, with staff turning everyday tasks into confidence-building opportunities. Over the years, Lovewell has refined how the café functions as a training ground within a caring enterprise. Women working at the Café are paid award rates.

STRATEGIC PARTNERSHIPS AND SCALING IMPACT

Lovewell has partnered with organisations like Future2 Foundation, leveraging grant support to expand the Better Futures program's capacity—enabling support for 48–60 women through additional workshops, mentoring, and coaching. This illustrates proactive, forward-looking planning and resource investment.



SOCIAL IMPACT

- **Employment & support reach.** Recent partner reporting notes **84 women employed at the café in a single year** and **200+** supported through Foundation programs.
- **Ecosystem recognition & growth.** The Queensland Government earmarked **\$600,000** from the Social Entrepreneurs Fund to upgrade Lovewell Café—signalling confidence in its community impact and scalability.
- **Confidence & career outcomes.** Program narratives highlight women gaining skills, confidence and pathways into ongoing employment or entrepreneurship after completing Better Futures and café placements.

EMPLOYMENT AS A CENTRAL KPI

The café's performance is measured not only in dollars but also in how many women are employed, trained, and transitioned into long-term work. Social impact data (e.g., "84 women employed in a year") is tracked and reported to stakeholders.

INTEGRATED PROGRAMS

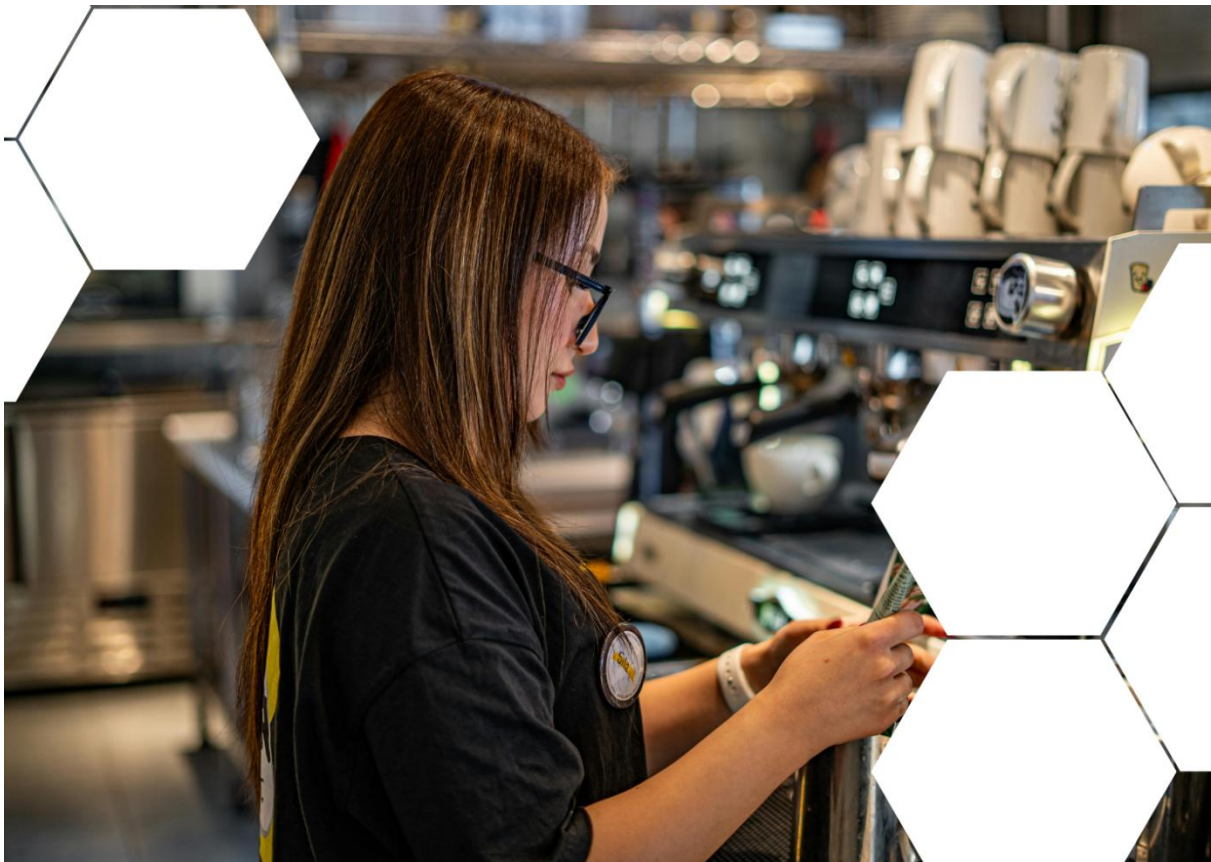
Initiatives like **Sunflower Place** (safe hub) and the **Better Futures program** are tightly coupled with the café. Women don't just "get a job" — they first receive trauma recovery, skills training, and mentoring, then step into the café for paid work. This keeps the enterprise mission-locked around empowerment and recovery.

GOVERNANCE & LEADERSHIP ALIGNMENT

The Executive Director and program staff come from DV support and social work backgrounds, ensuring commercial decisions align with the mission. Grants and partnerships are selected to reinforce, not dilute, the women's empowerment agenda.

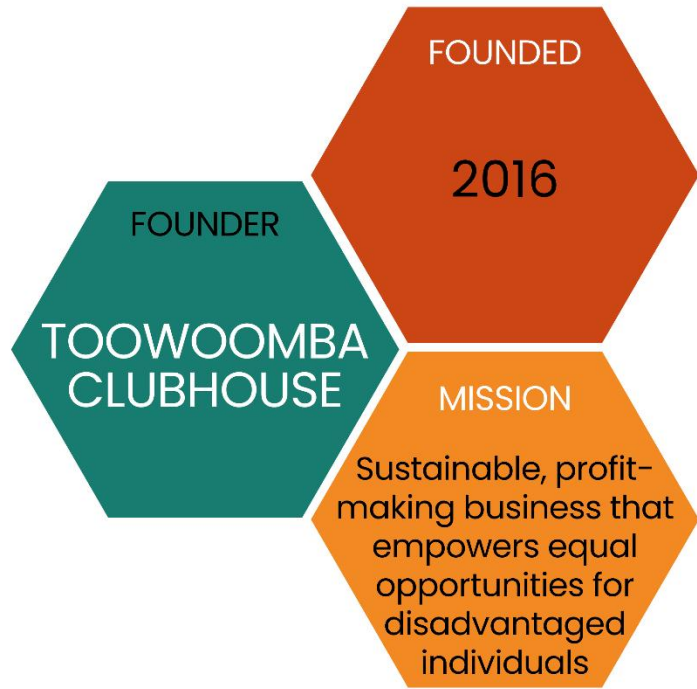
COMMUNITY ACCOUNTABILITY

By branding itself explicitly as a **domestic violence survivor-supporting café**, the enterprise maintains strong community expectations to uphold its purpose, preventing "mission drift."





Ryan Salzke | CEO



FOUNDING	Founded in 2016 by Toowoomba Clubhouse, with support from Social Ventures Australia (SVA), St Vincent’s Private Hospital, and a range of philanthropic partners, including Westpac Foundation and various trusts. Officially opened in early 2017, inaugurated by Prime Minister Malcolm Turnbull.
MISSION	To develop a sustainable, profit-making business that empowers equal opportunities for disadvantaged individuals. We empower personal independence through earning a fair income, reducing reliance on welfare, increasing social connection and supporting health service programmes.

Vanguard Laundry operates a self-sustaining commercial laundry that offers transitional employment opportunities for people who typically struggle to secure work due to mental illness or long-term unemployment. Beyond employment, they provide support from a specialist team offering career development, training, education pathways, and transitions into further employment—enabling greater economic independence and well-being.

⁴ Australian Government Department of Social Services. (2019). *Vanguard Laundry: Giving social impact a voice*. Canberra: DSS. | Australian Government Department of Social Services. (2019). *Vanguard Laundry: Putting enterprise into social enterprise*. Canberra: DSS. | Centre for Social Impact (CSI) & Vanguard Laundry Services. (2018–2020). *Impact evaluation reports*. Swinburne University of Technology. | MinterEllison. (2017). *Shared value and social enterprise: Vanguard Industrial Laundry*. | National Council of Queensland (NCQ). (2023). *Case study: Vanguard Laundry*. | Social Ventures Australia. (2017). *Social procurement success: What it takes – The Vanguard Laundry story*. | Vanguard Laundry Services. (2024). *Our story*. | Vanguard Laundry Services. (2024). *Our process*. | Wientjens Engineering. (2020). *Case study: Vanguard Laundry – water and energy savings in commercial laundries*.

BUSINESS MODEL	Operates as a social enterprise: commercial laundry generates revenue by servicing sectors like healthcare, accommodation, and hospitality—with high standards and environmental considerations.
	Holds ISO 9001 accreditation, delivering specialised healthcare linen services, according to AS/NZS 4146:2024. Featuring a barrier-wall system for contamination control, and implements safe-handling protocols for contaminated linen—a major operational differentiator.
	Surpluses are reinvested into the social mission—fuelling further job creation, facility enhancements, and expansion.
	Initial capital infrastructure (over A\$6 million) enabled through a complex funding mix: government, philanthropy, social finance, in-kind support, and lenders—coordinated by SVA and partners.
	Emphasises ethical sourcing and sustainability practices through its supply chain and equipment choices, reducing social and environmental impacts.

Since inception Vanguard Laundry has invested time and effort in building a set of strategic capabilities that helps it to remain competitive and grow in a challenging operating environment. The following are two core capabilities.

CORE ORGANISATIONAL CAPABILITIES	<p>BUILDING CLOSE RELATIONSHIPS WITH COMMERCIAL CLIENTS (CUSTOMER RELATIONSHIP CAPABILITY)</p> <p>ANCHORING WITH A LONG-TERM ANCHOR CONTRACT</p> <ul style="list-style-type: none"> • Strategic Opportunity Identification: Vanguard’s founder conducted a “leaky bucket” analysis—evaluating how income was flowing out of the local economy—and discovered the impending closure of St Vincent’s Hospital’s on-site laundry meant millions of dollars would potentially be spent in Brisbane. Leveraging this insight, they secured a seven-year anchor contract with St Vincent’s Private Hospital, providing guaranteed volume and income needed to launch and scale operations.
	<p>PURPOSE-BUILT FACILITIES AND HIGH STANDARDS</p> <ul style="list-style-type: none"> • Infrastructure to Impress: They invested in constructing a custom-built industrial laundry facility equipped with a barrier-wall system to handle healthcare and accommodation linen, ensuring strict contamination control and compliance with ISO 9001 and AS/NZS 4146:2024 standards. This high-quality, purpose-built infrastructure helped them attract other commercial clients who valued reliability and excellence. • Operational Excellence Over Time: Through continuous improvements—such as in-house developed safe-handling procedures for contaminated linen, online customer portals, and investments in water and energy efficiencies—Vanguard deepened trust and value with clients, reinforcing their commercial reputation.
	<p>GROWING TRUST AND SCALING CLIENT PARTNERSHIPS</p> <ul style="list-style-type: none"> • Systematic Growth: With the anchor contract underpinning stability, Vanguard reinvested in operations and gradually expanded its clientele across sectors such as hospitality, and other healthcare providers—demonstrating the effectiveness of a long-term, relationship-driven approach. • Long-term Relationship Management: The presence of a dedicated Account Manager, with a background in production and service delivery, ensures personalized client care and reinforces those close relationships over time.

SERVICE-DELIVERY PROCESS: INVESTING IN OPERATIONAL AND SOCIAL INTEGRATION

PURPOSEFUL FACILITY DESIGN AND OPERATIONAL EFFICIENCIES

- **Purpose-Built Infrastructure:** From the outset, designed its facility to meet stringent healthcare and institutional standards, including barrier systems and contamination protocols. This allowed them to deliver consistent, high-standard service—essential for winning and retaining clients in competitive sectors.
- **Integration of state-of-the-art technology,** commercial-grade operations, and environmentally minded sourcing ensures efficient delivery and cost-effectiveness.
- Coupled with a **Social Impact Centre,** the operational workflow supports both service excellence and employment transition, embedding social outcomes within business delivery.
- **Sustainability Investments:** To reduce costs and environmental impact, installed systems like the Blue Ocean Compact and AquaDrain. These innovations achieved approximately **60 % water savings** and **10 % energy savings** and even captured microplastics—further optimizing operational efficiency and environmental stewardship. 2018 – Installed 100kW solar system, reducing electricity consumption

STRENGTHENING INTERNAL SKILLS AND PROCESSES

- **Leadership and Governance Investments:** Around 2019, appointed a Managing Director with commercial laundry expertise to drive enterprise function improvements—balancing the social and business objectives and enabling more strategic, efficient operations.
- **Social Impact Team Enhancement:** As operations expanded, added roles like General Manager - Social Impact, Work Skills Coach, and Employment Pathways Coordinator. These positions provided structured support for workers and transition pathways while allowing operations to scale without sacrificing social outcomes.



SOCIAL IMPACT

- **Traditional employment programs** for people with mental illness record around **14% success** for 13 weeks of employment; Vanguard achieved around **75% retention beyond 26 weeks** – (currently around 90%)
- **Employment generation:** Since inception, Vanguard has provided employment to over 300 individuals, with more than 200 advancing into education or open employment pathways. Employees report increased confidence, dignity, better social connection, reduced smoking, and improved life circumstances—like being able to support their families.
- Evaluation reports reveal positive outcomes such as improved mental and physical health, increased social inclusion, reduced welfare reliance, and enhanced agency among participants
- The social impact extends beyond individuals—Vanguard contributes to **cost savings for government**, offers a model of social procurement, strengthens local economic inclusion, and **shares learnings** widely to help scale social enterprise efforts in Australia

REGIONAL IMPACT – TOOWOOMBA AND THE DARLING DOWNS REGION

Employment and economic retention

- **Retaining local institution:** capitalised on a key regional opportunity when St Vincent’s Hospital closed its on-site laundry, which would have diverted laundry work (and money) from Toowoomba to Brisbane.
- **Building local capacity and economic growth:** By offering commercial laundry services to health, hospitality, aged care, agriculture, and accommodation sectors in and around Toowoomba, Vanguard contributes to local service infrastructure—and broadens the regional customer base within which it operates.
- **Equipment, infrastructure, and capital:** Initial funding—via public, philanthropic, and social investment—allowed construction of state-of-the-art facilities and purchase equipment within the Toowoomba region, including a donated delivery van that supports local logistics.

SOCIAL INCLUSION AND COMMUNITY WELLBEING

- **Improved participant well-being:** Participants report marked improvements in physical and mental health, enhanced confidence, social connection, financial independence, and housing stability—all fostering social cohesion within the local community.
- **Reduced welfare dependency:** Analysis for the 2019 evaluation revealed a median fortnightly income boost of about **\$360**, and a **27.8% decrease in Centrelink benefits**, indicating strengthened economic independence for staff and reduced strain on public welfare systems in the region.

STIMULATING INCLUSIVE EMPLOYMENT ECOSYSTEM

- **Local workforce transitions:** Vanguard actively supports employees into other roles within Toowoomba and nearby regions. This includes fostering partnerships with local employers and expanding a network of employment pathways. By 2022, there were **eight employment partners** supporting transitions and work placements—up from just one in earlier years.
- **Regional activism and sector development:** Vanguard plays a leadership role in fostering social enterprise in the Darling Downs region, including:
 - hosting Social Enterprise World Forum tours
 - leading formation of the Social Enterprise Network of the Darling Downs & Southwest
 - regional activator and champion for Queensland Social Enterprise Council (QSEC)
 - presenting in regional enterprise initiatives and panels for impact measurement.

MODELLING IMPACT AND POLICY INFLUENCE

- **Learning and replication:** rigorous outcome measurement and publication of evaluation findings have positioned Vanguard as a **model social enterprise**, influencing policy, funding, and sector design across regional Queensland. Findings have been presented to policymakers, shared at conferences, used in academic teaching, cited at national forums.



VULNERABILITIES AND CONTEXTUAL CHALLENGES FACING SOCIAL ENTERPRISES

By its very nature, the social enterprise business model is inherently **vulnerable to external shocks**. This vulnerability stems from the **hybrid nature** of the model, which combines market-based mechanisms with a social mission. Specifically, social enterprises often depend on **diverse funding sources**, including:

- **Trading income** (from the sale of goods and services)
- **Service contracts** with commercial organisations (i.e., commercial mandates)
- **Grants and donations** from philanthropic and government sources

As noted earlier, while these diverse streams provide financial flexibility, they also expose the enterprise to multiple, and sometimes conflicting, stakeholder expectations.

One of the core tensions lies in managing the demands of **two institutional logics**:

- **Social purpose orientation** – which emphasizes mission, community engagement, social impact
- **Market orientation** – which requires efficiency, customer responsiveness, and financial returns

Balancing these logics presents a significant challenge. As social enterprises lean further into commercial activities to ensure sustainability, this shift can alienate mission-aligned stakeholders, such as donors and volunteers. These stakeholders may perceive the enterprise as drifting from its social mission, which can reduce their pro-social engagement and support. This dual-pressure environment creates a constrained and complex operating landscape, making social enterprises particularly sensitive to market disruptions, policy changes, and funding fluctuations.

CHALLENGES SPECIFIC TO INDIGENOUS SOCIAL ENTERPRISES

Indigenous businesses/enterprises existed prior to the social enterprise sector being created. The social enterprises categorisation does not often make space for Aboriginal and Torres Strait Islander businesses (First Australians Capital, 2023).

A growing body of research has drawn attention to the distinct challenges faced by Indigenous social enterprises. While many of these challenges mirror those of non-Indigenous social enterprises, particularly around financial viability and human resource management (Amofah, 2021), additional context and cultural-specific barriers further compound these difficulties.

Recent scholarship and media discourse have highlighted a range of structural and systemic challenges experienced by Indigenous-led enterprises, including:

- limited access to capital/funding
- lack of business skills, education and training
- limited access to enterprise opportunities and
- systemic discrimination (First Australians Capital, 2023; Logue et al., 2018; Maritz et al., 2022).

In addition, some Indigenous social enterprises that operate in rural or remote locations have additional challenges based on location and remoteness (Spencer et al., 2016). These factors not only hinder enterprise development but also limit the scalability and sustainability of Indigenous social ventures. A growing body of research is beginning to unpack the complex, context-specific factors that uniquely shape the experience and evolution of Indigenous social enterprises. Understanding these challenges is critical for developing targeted support mechanisms and policy frameworks that respect Indigenous values, governance models, and community aspirations—while also enhancing the viability and resilience of enterprises. By addressing these challenges, Indigenous social enterprises can continue to

play a vital role in promoting economic development, community empowerment, and cultural preservation within Indigenous communities.

Economic and social role

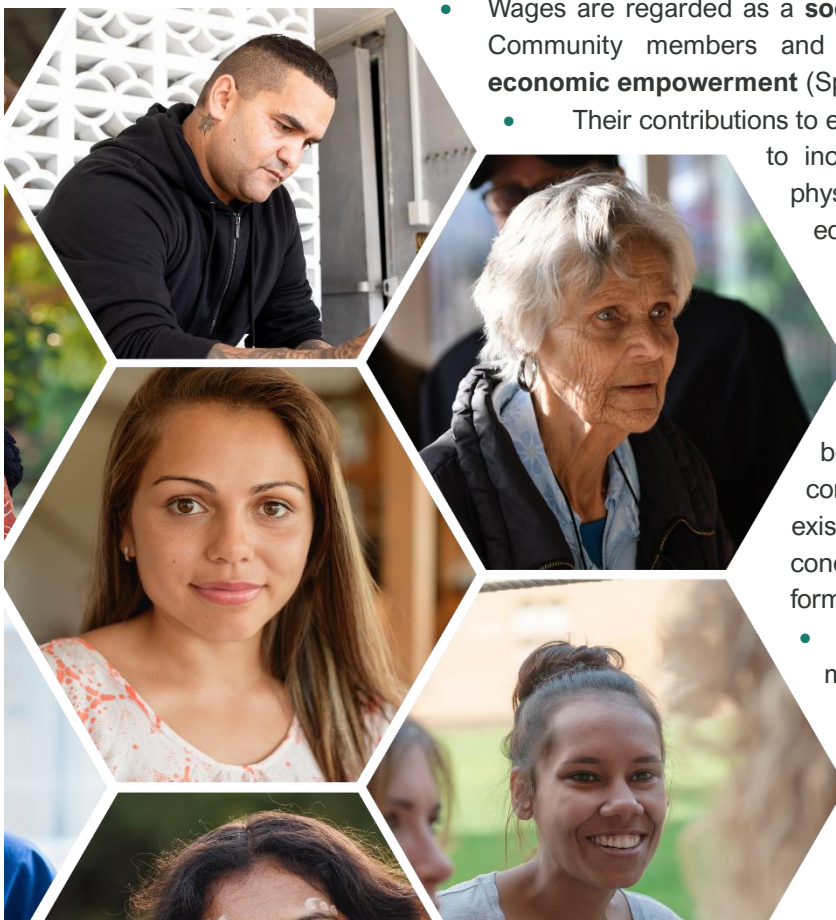
- Indigenous social enterprises are powerful instruments for economic self-determination, economic empowerment, economic development, Community empowerment, and Cultural preservation within Aboriginal and Torres Strait Islander communities.
- For Indigenous peoples, business activity is closely tied to economic sovereignty and improved outcomes for both Community and Country (First Australians Capital, 2023).
- As such, it can be argued that all Indigenous businesses are inherently social enterprises (First Australians Capital, 2023).

Distinctive features compared to non-Indigenous social Enterprises

- Indigenous enterprises embed cultural values such as collectivism, reciprocity, and relationality, focusing on Community wellbeing over individual profit (Ensign, 2024; Seet et al., 2018).
- Value propositions are community-oriented and often draw upon traditional knowledges and practices, blending social, environmental, and economic objectives (Evans et al., 2024; Hudson et al., 2022).
- These enterprises contribute to cultural, linguistic, and economic revitalisation, supporting generational wellbeing (Henry & Dana, 2019; Morley, 2014).

Community impact

- Indigenous enterprises create **Community profit**, where benefits flow broadly rather than being captured individually.



- Wages are regarded as a **social outcome**, as they support Community members and contribute to **societal and economic empowerment** (Spencer et al., 2017).
 - Their contributions to employment extend beyond jobs to include holistic improvements to physical and mental health, educational outcomes, and lower incarceration rates (Evans et al., 2024; Leroy-Dyer, 2022).

Historical context

- Indigenous businesses have been the foundation of communities for millennia and existed long before the western concept of social enterprises was formally developed.
- Yet, many argue that the mainstream categorisation of social enterprise often overlooks Indigenous businesses (First Australians Capital, 2023).

OUR FINDINGS: KEY CHALLENGES FACING SOCIAL ENTERPRISES

This section presents the key challenges identified by social enterprises in our Queensland study. The findings are based on survey responses and are presented in order of significance, according to mean response scores.

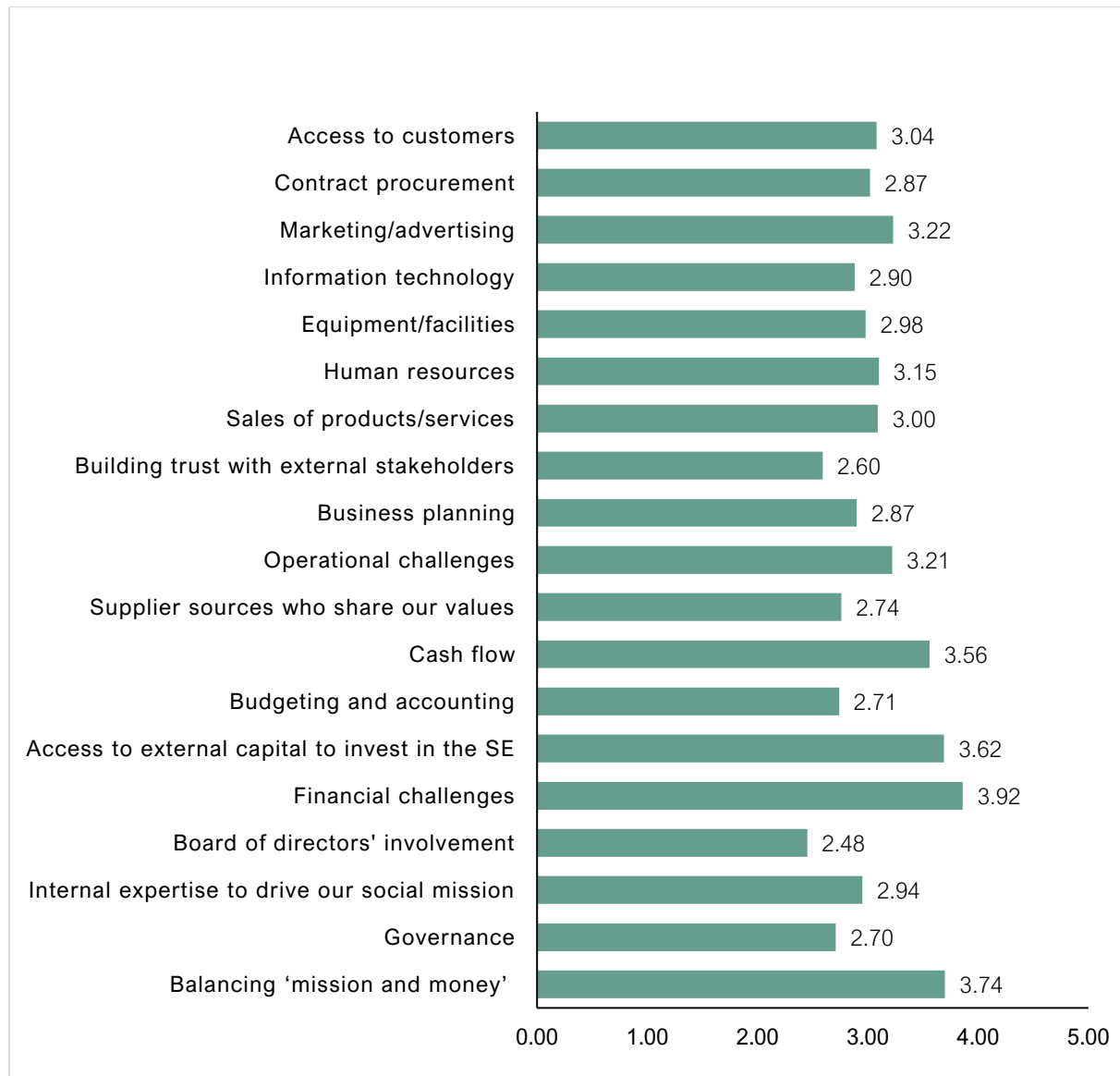


Figure 11: Key challenges faced by the organisation in its growth efforts

FINANCIAL CHALLENGES

Financial sustainability emerged as the most pressing concern among respondents, with financial challenges receiving a high importance rating ($M = 3.92$, $SD = 1.18$). As access to stable funding underpins the ability to pursue both social and commercial objectives, financial pressures present a significant constraint on enterprise survival and growth (Ciambotti & Pedrini, 2021; Eiselein & Dentchev, 2021; Weaver, 2023). Access to external capital and cash flow were highlighted by respondents as two critical aspects of this challenge.

[Access to external capital](#)

Access to external capital was also identified as a significant issue, receiving a moderate importance rating ($M = 3.62$, $SD = 1.55$). Social enterprises rely on external capital to sustain and scale their

operations, as initial funding sources such as founders' savings or grants are rarely sufficient for long-term viability. However, attracting investment remains challenging, as investors often view social enterprises as high-risk due to their dual-purpose models and a perceived lower emphasis on financial returns (Austin et al., 2006; Doherty et al., 2014; Zhao & Lounsbury, 2016; Schätzlein et al., 2022).

Cash flow

Cash flow challenges were also reported as a significant concern, with respondents assigning a moderate importance rating (M = 3.56, SD = 1.35). These pressures are particularly acute during the early stages of the enterprise lifecycle, when revenue streams are still emerging and financial buffers are limited (Burkett, 2010). As a result, cash flow constraints can disrupt operational continuity and limit the capacity for strategic investment.

BALANCING 'MISSION AND MONEY'

Balancing mission and money was identified as a significant challenge, receiving a high rating from respondents (M = 3.74, SD = 1.27). Managing the dual objectives of social impact and commercial viability is critical, as failure to achieve this balance can result in mission drift, internal identity conflict and diminished external legitimacy (Eiselein & Dentchev, 2021; Mas-Machuca et al., 2024). This challenge is widely recognised in international research, where hybrid organisations consistently report tensions associated with pursuing both social and commercial outcomes (Yaari et al., 2020; Gopakumar & Gupta, 2024).

MARKETING AND ADVERTISING

Marketing and advertising were also highlighted as notable challenges, with respondents assigning a moderate importance rating (M = 3.22, SD = 1.19). Limited marketing expertise remains a significant constraint on sustainability and growth. While effective marketing is essential for attracting customers, partners, and funders, many social enterprises lack the skills, resources, and strategic capability to communicate their social value clearly and persuasively. This challenge is multifaceted and includes:

- **Identifying the 'Customer':** social enterprises often target beneficiaries, donors, volunteers, and commercial clients—each with distinct motivations. Marketing must reflect this complexity (Weerawardena & Mort, 2012).
- **Communicating Dual Purpose:** Marketing efforts must convey both social mission and commercial value, appealing to both community and commercial stakeholders (Bandyopadhyay & Ray, 2020).
- **Entrepreneurial Marketing:** Due to limited budgets, social enterprises should employ low-cost, high-impact approaches such as content marketing and publicity-driven campaigns (Sullivan Mort et al., 2012; Hilpern, 2013). Social media and community-based marketing are particularly effective.

OPERATIONAL CHALLENGES

Operational challenges received a moderate importance rating from respondents (M = 3.21, SD = 1.09). As hybrid organisations that straddle social and commercial missions, social enterprises face inherent structural tensions that can lead to organisational fragility, identity conflicts and governance complexity (Gidron, 2017; Ebrahim et al., 2014; Santos et al., 2015).

HUMAN RESOURCES CHALLENGES

Building human capital was rated as moderately important (M = 3.15, SD = 1.27). Human capital refers to the skills and capabilities of staff and volunteers (Ab Samad et al., 2019). Challenges in this area included:

- **Attracting and Retaining Talent:** social enterprises often lack resources to offer competitive remuneration. Their workforce—comprising employees, volunteers, and disadvantaged groups—has diverse needs (Roumpi et al., 2020).
- **Leadership and Skills Gaps:** Effective social enterprise leaders require diverse competencies, including networking, stakeholder management, and social innovation expertise (Eiselein & Dentchev, 2021; Sannikova et al., 2023).
- **Impact on Growth and Innovation:** Talent shortages are directly linked to limited capacity for innovation and scaling (Pansuwong et al., 2023; Kruse et al., 2021).

OTHER CHALLENGES IDENTIFIED

In addition to the above, respondents also cited the following barriers to growth and sustainability (listed in descending order of severity):

Table 12: Other challenges cited by social enterprises

RANK	CHALLENGE	MEAN (M)	SD
6	Access to customers	3.04	1.32
7	Sales of products/services	3.00	1.33
8	Equipment/facilities	2.98	1.37
9	Internal expertise to drive social mission	2.94	1.25
10	Information technology	2.90	1.23
11	Business planning	2.87	1.12
12	Contract procurement	2.87	1.52
13	Supplier alignment with social enterprise values	2.74	1.32
14	Budgeting and accounting	2.71	1.22
15	Governance	2.70	1.19
16	Building trust with external stakeholders	2.60	1.20
17	Legal and political regulations	n/a	n/a

SUSTAINING IMPACT THROUGH COMMERCIAL STRENGTH

An interesting finding emerges from the pattern of challenges reported. Nearly all the high-ranking challenges relate directly to managing the commercial income-generating activities of social enterprises such as financing, marketing, operations, and human resources. In contrast, challenges explicitly related to the social mission appear to be less immediate in the day-to-day concerns of social enterprises.

The only challenge specifically linked to advancing the social mission is the “internal expertise to drive our social mission” (M = 2.94, SD = 1.25), which ranked eleventh in importance out of seventeen. This finding does reflect a lack of commitment to the social mission. Instead, it suggests that managers recognise that sustained social impact depends on financial and operational viability. This may indicate that:

- The social mission is largely stable and requires fewer adjustments over time.
- As the mission becomes embedded in organisational culture and identity of the enterprise, managerial focus shifts toward sustaining and growing the commercial operations.
- Competitive pressures heighten the need to prioritise business capabilities and strategies that protect viability.

SUPPORT SERVICES SOUGHT BY SOCIAL ENTERPRISES

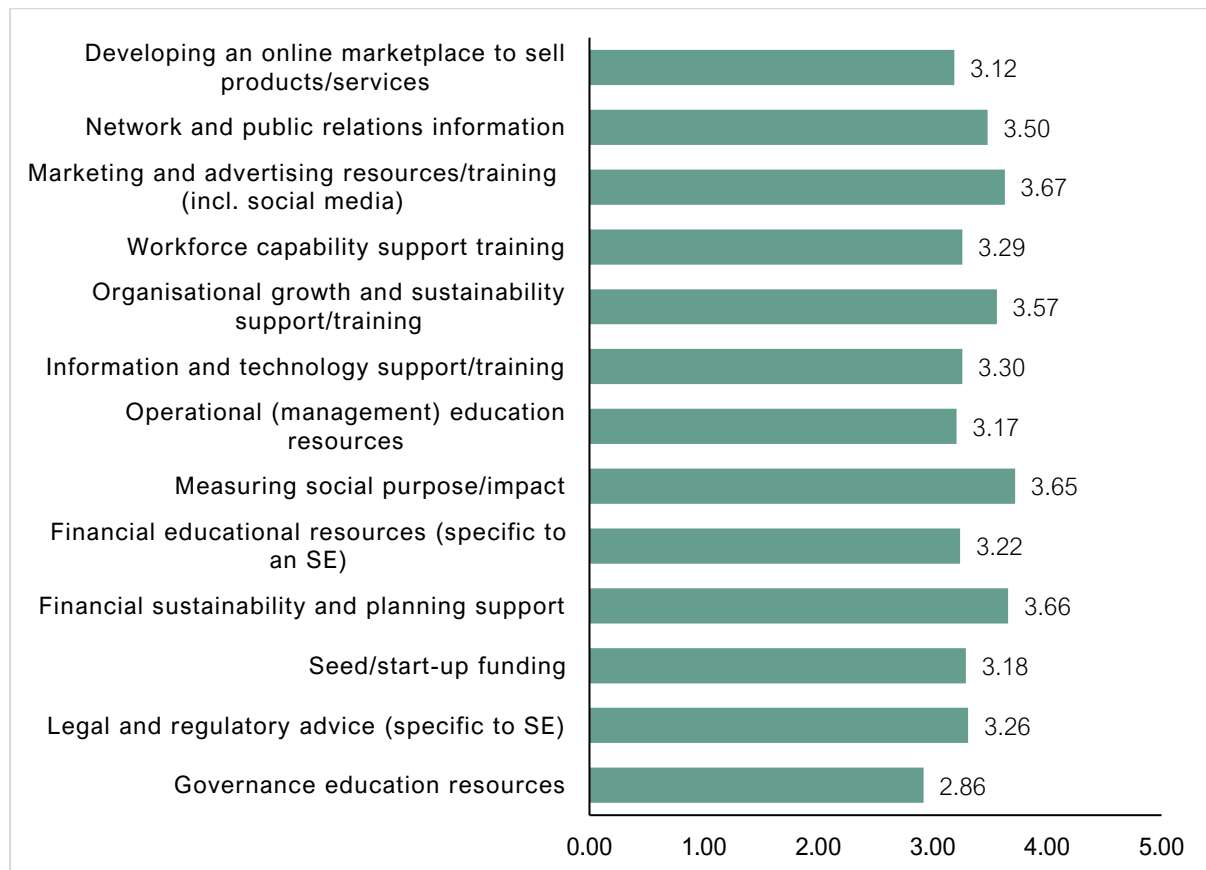


Figure 12: Support services sought

Following the analysis of the key challenges encountered by the sampled social enterprises, the study identified the support services most sought after for their sustenance and growth.

The highest-rated areas of support include:

- Marketing and advertising resources/training, including social media (M = 3.67, SD = 1.255)
- Measuring social purpose and impact (M = 3.65, SD = 1.304)
- Financial sustainability and planning support (M = 3.66, SD = 1.26)
- Organisational growth and sustainability support/training (M = 3.57, SD = 1.27)
- Networking and public relations information (M = 3.50, SD = 1.25)

These results underscore a strong demand for strategic capabilities that enhance both the commercial and social value-generating functions of social enterprises—especially in the areas of financial planning, impact measurement, and marketing. Other support areas also receiving significant attention include:

- Legal and regulatory advice specific to social enterprises (M = 3.26, SD = 1.308)
- Information and technology support/training (M = 3.30, SD = 1.249)
- Workforce capability support/training (M = 3.29, SD = 1.324)
- Financial education resources tailored to social enterprises (M = 3.22, SD = 1.38)
- Seed/start-up funding (M = 3.18, SD = 1.70)
- Operational (management) education resources (M = 3.17, SD = 1.259)
- Developing an online marketplace to sell products/services (M = 3.12, SD = 1.587)
- Governance education resources (M = 2.86, SD = 1.335)

A particularly noteworthy finding is the high prioritization of measuring social purpose and impact, which emerged as one of the most important support needs. This reflects the growing complexity and ambiguity faced by social enterprises in managing their hybrid identity—balancing commercial operations with their core social mission. Unlike traditional non-profits, social enterprises must demonstrate both financial viability and social impact, creating a demand for sophisticated impact measurement tools and practices.

This dual-value orientation—where commercial income generation is increasingly viewed as vital for long-term sustainability—underscores the evolving nature of the social enterprise sector and the critical need for tailored external support to help them thrive.

NEW AND VALUE ADDING INITIATIVES - INNOVATION IN SOCIAL ENTERPRISES

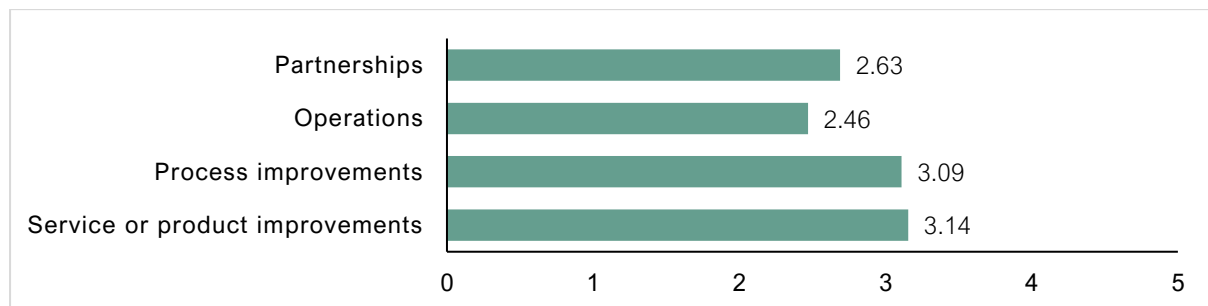


Figure 13: New and value adding innovations

This study examined the new and value-adding initiatives undertaken by the sampled social enterprises across various points in their value chains. The two criteria, the degree of ‘newness’ and ‘value creation’ is used to determine the degree of innovation i.e. incremental to radical in the innovation literature (Weerawardena et al., 2015). In the current study we examined innovations in products/service, processes, operations, and partnerships aimed at creating greater impact for their stakeholders.

PRODUCT AND SERVICE ENHANCEMENTS

The most pursued value-adding activity involved improvements to existing products and services as well as direct contributions to the well-being of disadvantaged groups. These included:

- Enhancing current offerings
- Creating new employment opportunities for disadvantaged individuals
- Providing access to essential amenities (e.g., facilities for the homeless)

These initiatives were measured using a 2-item scale ($\alpha = .749$) and were rated as the most frequently implemented ($M = 3.14$, $SD = 1.11$).

PROCESS INNOVATIONS

The second most cited initiatives involved process improvements, such as:

- Adopting digital tools and technologies
- Improving fundraising and financial management methods
- Attracting and retaining volunteers
- Implementing new governance mechanisms to better align operations with the social mission

This area of innovation was captured using a 2-item scale ($\alpha = .823$) and was rated moderately high ($M = 3.09$, $SD = 1.09$).

OPERATIONAL INNOVATIONS

Operational innovations—such as updates in marketing and supply chain strategies—were less frequently implemented. These included:

- Sourcing from new suppliers
- Launching new marketing strategies to better engage donors, volunteers, and clients
- Developing new fundraising activities
- Enhancing brand identity
- Implementing cost-sharing models
- Establishing new legal structures for improved efficiency

Despite being important, these activities ($\alpha = .89$) were rated lower in frequency ($M = 2.46$, $SD = 1.20$), suggesting that they may require greater resources or capabilities to implement effectively.

PARTNERSHIP DEVELOPMENT

Partnerships were also cited as a strategic area of innovation. Examples included:

- Establishing new partnerships with external organisations for income generation
- Expanding through collaborative ventures
- Building new relationships with government agencies for enhanced delivery of social value

This domain ($\alpha = .856$) received a moderate rating ($M = 2.63$, $SD = 1.23$), highlighting its emerging but not yet dominant role in innovation strategies.

A consistent pattern across the findings in this section is the emphasis on commercially oriented value-adding initiatives, such as product improvements and income-generating partnerships. This again underscores the dual mission of social enterprises: while committed to social impact, they are increasingly driven to enhance their commercial viability to sustain operations and scale their mission.

This finding reinforces the hybrid nature of social enterprises and the strategic importance placed on innovations that strengthen market responsiveness, operational efficiency, and financial sustainability.



SOCIAL ENTERPRISE PERFORMANCE AND SOCIETAL IMPACT

MEASURING THE PERFORMANCE AND IMPACT OF SOCIAL ENTERPRISES

Although there is growing interest in understanding how social enterprises generate impact and measure performance, the literature remains at a relatively early stage of development. Much of the current work is conceptual or prescriptive in nature, offering theoretical models rather than empirically validated measurement tools. Below, several key frameworks are outlined that inform how social enterprises might approach performance and impact assessment.

Performance Measurement System model

Proposed by Arena et al. (2015), this model outlines a six-step process for developing a performance measurement system tailored to social enterprises:

- Map the organisation's available documents.
- Conduct interviews with different stakeholder groups to identify needs and perceptions of the social interventions.
- Identify performance dimensions that align with the organisation's information needs.
- Construct a measurement system with indicators that clearly reflect social, economic, or environmental goals.
- Review the process with key stakeholders to gather feedback.
- Refine the system based on the information collected.

Kah and Akenroye (2020) suggest that this model is particularly well-suited to small and medium-sized social enterprises seeking to systematically capture their social impact.

Structural equation modelling of social impact

This conceptual model, developed by Edwards et al. (2015), is based on four foundational propositions:

- Social impact is manifested in the enterprise's sense of belonging.
- Social impact is closely tied to social citizenship values.
- Impact occurs at both the individual and organisational levels.
- Impact grows through individual action and organisational programming.

With its aim of empirically testing social impact, this model is better suited to large social enterprises with the capacity for more complex impact evaluation (Kah & Akenroye, 2020).

Sustainability, added value, and scalability model

Hadad and Gauca (2014) propose a model consisting of three core elements:

- **Sustainability:** Captures how the enterprise finances its operations.
- **Added Value:** Encompasses psychological, social, economic, environmental, and political effects.
- **Scalability:** Assesses potential for expansion, indirect effects, social awareness, and influence on regulatory frameworks.

This model is recommended for small and medium-sized social enterprises seeking to evaluate their multidimensional contributions (Kah & Akenroye, 2020).

Social performance framework

Developed by Ebrahim and Rangan (2014), this framework challenges the notion that only long-term, large-scale impacts are worth measuring. Instead, it encourages social enterprises to also capture short-

term and individual-level outcomes. This flexible approach makes the framework applicable across social enterprises of all sizes (Kah & Akenroye, 2020).

Multi-dimensional controlling model

Bagnoli and Megali (2011) propose a comprehensive controlling model for assessing social enterprise performance across three key dimensions: economic and financial performance, social effectiveness and institutional legitimacy. This multidimensional approach aligns closely with the needs of small and medium-sized social enterprises and has been incorporated into the Suitability Framework for impact assessment (Kah & Akenroye, 2020).

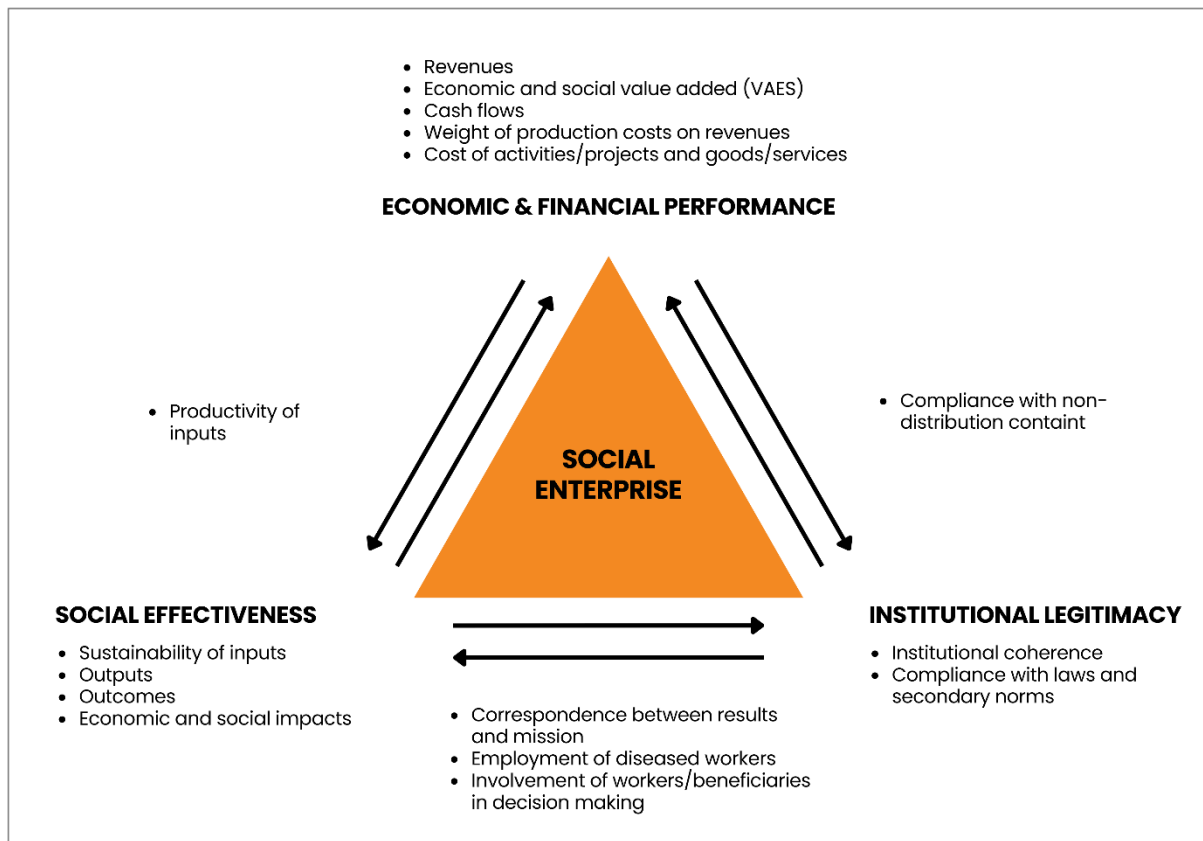


Figure 14 The multidimensional controlling framework of social impact (Bagnoli & Megali, 2011)

Four-category typology of alternative approaches

The ninth social impact measure focuses on Polonsky and Grau's (2011) Typology of Alternative Approaches to social impact measurement. The typology consists of:

3. Operational Efficiency approach,
4. Social Impact approach,
5. Qualitative Impact Approach to Measurement and
6. Combination Approaches to Measurement as detailed in Table 13.

These approaches are categorised based on two dimensions: financial (operational efficiency and SI approach) and non-financial, (qualitative impact and combination approaches to measurement). Similar to the SAC Model of Performance (Lane & Casile, 2011), this framework does not specify the appropriateness of firm size (Kah & Akenroye, 2020).

Table 13 : Four alternative approaches (Polonsky & Grau, 2011)

APPROACH	DESCRIPTION	ADVANTAGES	DISADVANTAGES
Financial: operational efficiency	Financial operational systems primarily include straight efficiency measures based on financial statements and information reported to government agencies	<ul style="list-style-type: none"> • Simple to calculate • Information is readily available 	<ul style="list-style-type: none"> • Relies strictly on financial data so represents a one-dimensional evaluation of a nonprofit
Financial: social impact approach	This financially related approach is the “dollar” quantification of global nonprofit activities. Two such measures are social accounting and social return on investment	<ul style="list-style-type: none"> • Attempts to quantify value for nonprofits 	<ul style="list-style-type: none"> • Information can be dates • Difficult to compare across sectors • Assessments of financial costs and values, therefore, must be estimates based on some dollar basis, which is to a great extent subjective
Qualitative impact approach to measurement	The qualitative impact approach to measurement of global nonprofits’ social impact seeks to integrate “soft” organisational measures, but does not attempt to attribute a dollar amount to these, or the organisation’s success	<ul style="list-style-type: none"> • There has been some attention given to SA and SROI • This approach is flexible and enables other soft measures to be taken into account 	<ul style="list-style-type: none"> • Models would need to be very complex in order to assess all value • There is really no quantification of value
Combination approaches to measurement	Combination approaches use both quantitative and qualitative measurements and use both financial and non-financial criteria	<ul style="list-style-type: none"> • Takes into account capacity building potential • Focuses on the whole nonprofit and not just financial data • Balances financial outcomes and mission-based objectives • Evaluates multiple stakeholders 	<ul style="list-style-type: none"> • Very subjective assessment • Relies on internal data from the nonprofit • Few models exist

Typology of approaches to conceptualising social impact

Recognising that the development of social impact measurement in social enterprises remains in its early stages, Rawhouser, Cummings, and Newbert (2019) proposed a typology comprising four approaches to conceptualise social impact. This typology is structured around two key dimensions:

- **Stage of the impact process:** whether the focus is on *activities* or *outcomes*; and
- **Scope of generalisability:** whether the framework applies to a *single* or across *multiple sectors*.

A single-sector approach measures activities or outcomes that are specific to one sector, such as health or education. In contrast, a multi-sector approach assesses outcomes or activities that can be applied across diverse sectors, enhancing comparability and scalability of measurement efforts (Rawhouser et al., 2019).

Social Capability Intervention model

Weaver (2020) introduced the Social Capability Intervention Model to measure positive social change created by social enterprises. This model evaluates how social enterprises engage in activities that address fundamental human needs, and it groups these activities into four core strategic categories:

- **Capacity Building:** Strengthening skills and capabilities of individuals or communities.
- **Advancing a Social Movement:** Promoting awareness and behavioural change at a societal level.
- **Resource Provision:** Delivering tangible support such as education, health care, or housing; and
- **Systemic Change:** Altering structural or institutional conditions to address root of disadvantage.

These categories were developed through a grounded theory approach, based on empirical data collected from a large-scale survey.

OUR FINDINGS

We asked social enterprise managers to reflect on their organisation's performance over the past three years and identify the three performance areas they prioritised. The results, summarised in Figure 14, offer insights into how these enterprises balance social and financial priorities.

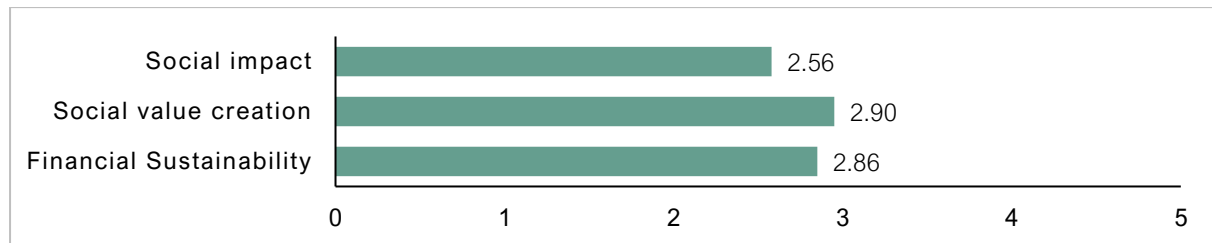


Figure 15: Organisational performance and societal impact

SOCIAL VALUE CREATION

Social value creation emerged as a key area of focus, with participants prioritising activities that generate direct benefits for the communities they serve. This dimension, measured using two items (Cronbach's $\alpha = 0.638$), recorded a moderate mean score ($M = 2.90$, $SD = 1.14$). Indicators of social value creation included delivering greater value to beneficiaries, such as disability support or education for disadvantaged groups, and providing training designed to enhance the employability of socially marginalised populations.

FINANCIAL SUSTAINABILITY

Financial sustainability formed another core performance dimension, assessed through four items (Cronbach's $\alpha = 0.763$) that centred on organisational viability and operational efficiency. This dimension recorded a moderate mean score ($M = 2.86$, $SD = 0.96$). Key indicators included total revenue, cost efficiencies, return on investment and the value delivered to contracted clients.

SOCIAL IMPACT

Social impact constituted a broader performance construct, assessed through four items (Cronbach's $\alpha = 0.739$) that capture the wider societal contributions of social enterprises. This dimension recorded a moderate mean score ($M = 2.56$, $SD = 1.07$). Example indicators included employment generation, support for local suppliers, community benefits such as crime reduction through employment, and environmental protection initiatives.

The findings of this section of the survey demonstrate that, although financial management is viewed as essential, participants consistently positioned their social mission as the core driver of organisational success. Revenue-generating activities are understood not as ends in themselves but as mechanisms that enable the enterprise to sustain and expand its social purpose. This reinforces the broader evidence base showing that financial viability is a critical foundation for delivering long-term, inclusive social value. For policymakers and ecosystem partners, these results highlight the need to strengthen supports that enhance both the commercial and mission-oriented dimensions of social enterprise activity, ensuring organisations are equipped to achieve durable social impact.



PART D

RECOMMENDATIONS FOR POLICY AND PRACTICE



PART D: RECOMMENDATIONS FOR POLICY AND PRACTICE

Evidence has limited value unless it is translated into decisions, investment priorities, and changes in how support systems operate. Part D synthesises insights from the multi-stage action research project to identify the recurring constraints and enabling conditions shaping social enterprise development in Queensland. It converts these findings into targeted, implementable recommendations for policy and practice, with clear relevance for government, intermediaries, funders, and practitioners seeking to strengthen enterprise capability, reduce structural barriers, and improve the conditions for sustainable growth and measurable impact across metropolitan, regional, and remote Queensland. Building on the summary recommendations outlined in the Executive Summary, this final section elaborates these priorities into detailed actions and implementation pathways.

OPERATING ENVIRONMENT CHALLENGES AND SUPPORT REQUIREMENTS

The findings indicate that social enterprises require a coordinated package of support, reflecting the complexity of their operating environment and growth pathways. For the Queensland Government, this presents a practical opportunity to enable the social economy through clear policy direction and targeted interventions that remove growth bottlenecks and mobilise partners and capital. A coordinated response, combining enabling policy with investments in infrastructure, enterprise capability, and community activation, would strengthen resilience, support scaling, and improve measurable outcomes across metropolitan, regional, and remote Queensland.

Table 14 summarises the support services sought by social enterprises and aligns them with targeted policy recommendations and interventions. Structured around the main constraint areas identified in the study, the table provides implementable options for government and partners to strengthen the operating environment and accelerate social and economic impact across Queensland.

Table 14: Priority Support Needs and Recommended Interventions ME

STRATEGIC AREA	POLICY IMPLICATION	RECOMMENDED INTERVENTIONS
Technology Enablement	Digital capacity is a critical enabler for both social mission delivery and commercial scaling. Many social enterprises face a digital divide, particularly in regional and resource-constrained contexts.	<ul style="list-style-type: none"> Provide digital capability grants to support ICT infrastructure, service delivery tools, and operational efficiency. Establish subsidised technology partnerships with tech providers offering discounted software, hardware, and tailored training. Create a Social Enterprise Digital Innovation Lab to pilot and share emerging practices (e.g., AI-enabled service delivery, data analytics for impact measurement).
Community Support Strengthening	Community trust and engagement underpin volunteerism, donations, advocacy, and market support. This social capital is vulnerable to reputational risk and mission drift.	<ul style="list-style-type: none"> Fund community engagement initiatives that strengthen local relationships, advocacy, and co-design with beneficiaries. Promote volunteerism through a Queensland-wide “Social Enterprise Volunteer Corps” platform. Launch a Buy Social Queensland campaign, including certification or labelling to encourage public and corporate purchasing from social enterprises.
Human Capital Development	Attracting and retaining skilled staff remains a persistent challenge due to wage constraints, limited career pathways, and high burnout risk in mission-driven work.	<p>Education and Training Policies</p> <ul style="list-style-type: none"> Support specialised social enterprise programs within universities, TAFEs, and training institutions (hybrid models, impact measurement, mission–market balance). Fund leadership development grants for managers (entrepreneurial marketing, financial sustainability, social innovation). Develop cross-sector learning pathways through internships and secondments across government, corporate, and social enterprises.

Workforce Attraction Policies

- Provide targeted wage subsidies or tax incentives to attract professionals with business expertise (finance, marketing, operations).
- Recognise social enterprise leadership and impact roles within skilled migration and visa schemes.

Workforce Retention and Development

- Design hybrid career pathways allowing mobility between public, private, and social sectors without career penalties.
- Subsidise continuous professional development (CPD) in both commercial and social impact capabilities.

Networks and Collaboration

Strong peer and cross-sector networks enable resource sharing, collective impact, and improved capacity to compete for large-scale contracts.

- Fund regional social enterprise hubs and digital platforms for collaboration, learning, and advocacy.
- Incentivise consortia-building for joint procurement, co-tendering, and collaborative grant applications.
- Facilitate cross-sector incubators linking social enterprises with government, corporates, and NGOs to co-design initiatives.

Commercial and Marketing Capacity

Without tailored commercial and marketing capabilities, social enterprises struggle to grow revenue, build brand equity, and compete effectively in markets.

Skills Development and Training

- Fund entrepreneurial marketing programs (digital marketing, branding, customer segmentation, storytelling).
- Provide sales and business development micro-credentials (procurement, pitching, tendering).
- Support applied learning partnerships with business schools, embedding live consulting projects for social enterprises.
- Offer matched funding for digital transformation, including CRM systems, e-commerce platforms, and data analytics.

Market Access and Exposure

- Introduce government procurement set-asides or weighted scoring for social enterprises.
- Establish state-backed showcases, expos, and digital marketplaces for Queensland social enterprises.
- Fund social enterprise inclusion in mainstream business networks and supply-chain matchmaking programs.

Institutional Support and Policy Infrastructure

Existing public support systems are fragmented and not well-aligned with the hybrid, resource-constrained nature of social enterprises.

- Establish a dedicated Social Enterprise Unit within the Department of Employment, Small Business and Training to coordinate policy, funding, and evaluation.
- Develop a Queensland Social Enterprise Strategy outlining a long-term roadmap for investment and sector development.
- Pilot streamlined grant application processes and flexible funding models (e.g., milestone-based payments, capacity-building components).
- Explore a formal legal designation or certification framework to recognise and support social enterprises.



BALANCING SOCIAL COMMERCIAL LOGICS

Balancing social impact and commercial viability requires adaptive governance to protect mission and support growth. Targeted Queensland Government strategies can strengthen accountability and decision-making (see Table below).

Table 15: Adaptive governance and mission integrity in social enterprises

POLICY FOCUS AREA	KEY IMPLICATION	WHAT PRACTITIONERS SHOULD DO	WHAT POLICY PLANNERS SHOULD DO	WHY IT MATTERS
Developing Adaptive Capabilities	Balancing commercial viability and social mission is both a success marker and an operational necessity.	<ul style="list-style-type: none"> • Develop adaptive leadership to manage mission–market tensions. • Embed logic-blending into organisational culture so social purpose guides growth. 	<ul style="list-style-type: none"> • Support hybrid success metrics (social + commercial). • Fund training in adaptive leadership and hybrid governance. • Create modular learning platforms on dual-mission strategy. 	Builds leadership resilience and strategic clarity in complex operating environments.
Logic Blending (Preferred over Structural Separation)	Integrating social and commercial practices is more sustainable, especially for resource-constrained enterprises.	<ul style="list-style-type: none"> • Apply dual-purpose thinking across all decisions • Design business models where commercial activity reinforces mission. 	<ul style="list-style-type: none"> • Provide co-design innovation grants to pilot blended business models. • Support public–private innovation labs involving SEs, corporates, and communities. 	Enables income growth without compromising social purpose.
Governance & Mission Integrity Program	Strong hybrid governance is essential as social enterprises scale.	<ul style="list-style-type: none"> • Strengthen board capability to oversee both mission and market performance. 	<ul style="list-style-type: none"> • Establish a Governance for Purpose program. • Provide toolkits on logic-blending, impact monitoring, and board oversight. 	Strengthens internal accountability and mission-aligned growth.
Stakeholder Accountability & Embeddedness	Community and beneficiary engagement provides external safeguards against mission drift.	<ul style="list-style-type: none"> • Engage stakeholders in evaluation and accountability processes. 	<ul style="list-style-type: none"> • Fund community-led evaluation initiatives. • Require beneficiary involvement in design and delivery through grant criteria. 	Stakeholder involvement keeps enterprises grounded in local needs, strengthens trust and legitimacy, and helps prevent mission drift.
Mission Guardrails	Formal and informal controls are critical to prevent mission drift during commercial growth.	<ul style="list-style-type: none"> • Invest in governance systems that regularly assess mission alignment. • Maintain transparent stakeholder accountability mechanisms. 	<ul style="list-style-type: none"> • Embed mission guardrail requirements in funding agreements (e.g. reporting, board roles, community representation). 	Mission guardrails matter as growth can pull an enterprise away from its social purpose. Clear governance and accountability keep decisions aligned to mission and maintain trust and impact.

BUILDING STRATEGIC CAPABILITIES

Building strategic capabilities is not an optional extra for social enterprises. It is the basis of survival, credibility, and sustainable growth in competitive markets. The study shows that enterprises must make deliberate choices about which capabilities to build, strengthen, and professionalise over time, so they can meet stakeholder expectations while protecting mission and maintaining commercial viability.

The capability profile emerging from the findings points to a balanced set of priorities: strong customer and client relationship management to generate income; deep understanding of beneficiary needs supported by fit-for-purpose governance to maintain mission alignment; innovation and digital adoption to improve efficiency and future readiness; and networking and partnerships to address resource constraints and expand opportunity. Importantly, some capabilities, particularly financial viability and strategic networking, appear under-developed in early growth stages but become increasingly critical as enterprises scale and mature.





RECOMMENDATIONS

EIGHT CAPABILITIES FOR SUSTAINED GROWTH OF SOCIAL ENTERPRISES IN QUEENSLAND

The study identified eight capabilities that high-growth social enterprises in Queensland have developed to sustain their mission and commercial viability. These capabilities — ranked by importance — represent key levers for strengthening the sector’s resilience and competitiveness.

Based on the eight capabilities that were found to support social enterprise growth the Table 16 propose a set of recommendations for practitioners and policy planners.

Table 16: Capability-building roadmap for Queensland social enterprises

CAPABILITY	FOR PRACTITIONERS – ACTIONS TO BUILD CAPABILITY	FOR POLICY PLANNERS – ENABLING SUPPORTS
1. Customer Service	<ul style="list-style-type: none"> Recruit & train skilled staff Set service standards & feedback loops Tailor experience for ethical consumers & CSR partners 	<ul style="list-style-type: none"> Fund sector-specific service training Shared CRM/call centre resources Social Enterprise Quality Mark scheme
2. Understanding Beneficiary Needs	<ul style="list-style-type: none"> Regular engagement via surveys & co-design Embed beneficiary reps in governance Use beneficiary-defined success indicators 	<ul style="list-style-type: none"> Grants for needs assessment Support participatory design programs Require beneficiary input in funded projects
3. Long-Term Client Relationships	<ul style="list-style-type: none"> Map and target aligned corporate partners Develop strong dual-benefit value propositions Apply structured relationship management (initiation, persuasion, resolution, value creation) 	<ul style="list-style-type: none"> CSR - Social Enterprise matchmaking events Corporate partnership incentives Advisory/legal support for contracts
4. Governance	<ul style="list-style-type: none"> Governance charter safeguarding mission Track both social & financial results Accountability to beneficiaries & funders 	<ul style="list-style-type: none"> Hybrid-model governance training Governance audit funding Promote dual-performance frameworks
5. Innovative Solutions	<ul style="list-style-type: none"> Apply innovation typologies (products, services, markets) Involve beneficiaries in pilots Test viability before scaling 	<ul style="list-style-type: none"> Innovation grants for dual-impact projects Social innovation labs University - Social Enterprise R&D partnerships
6. Digital Technology	<ul style="list-style-type: none"> Develop a digital strategy (outreach, operations, innovation) Adopt low-cost, high-impact tools Train staff in digital literacy 	<ul style="list-style-type: none"> Fund social enterprise digital transformation Shared digital platforms Discounted software/cloud access schemes
7. Networking Capability	<ul style="list-style-type: none"> Join social enterprise and cross-sector networks Share knowledge & collaborate on bids Build ties with government, corporates, academia 	<ul style="list-style-type: none"> Fund sector events & knowledge hubs Seed funding for alliances Support cross-sector partnership programs
8. Financial Viability	<ul style="list-style-type: none"> Diversify income streams Build investment-readiness skills Strengthen financial systems & forecasting 	<ul style="list-style-type: none"> Blended finance schemes (grant + loan) Facilitate impact investment access Social Enterprise-friendly procurement clauses

STRATEGIC CAPABILITY BUILDING – DETAILED PRACTITIONER GUIDE

High-growth social enterprises in Queensland build performance by investing in a deliberate mix of market-facing capabilities, mission-protecting governance, and adaptability for changing conditions. Government can accelerate this capability development through targeted funding, skills programs, sector coordination, and market access initiatives, enabling enterprises to scale both commercial results and social outcomes. Capability priorities will vary by enterprise and should be tailored to context, including social purpose, beneficiary needs, stakeholder expectations, and the requirements of commercial clients. Table 17 provides a ten-step strategic capability-building process to guide practitioners in strengthening dual value creation over time.

Table 17: Ten-step strategic capability-building process for dual value creation in social enterprise

STEP	FLOW ACTION	DETAILS FOR PRACTITIONERS & POLICY PLANNERS
1	Clarify your dual mandate	Define both commercial and social goals clearly (mission statements, performance dashboards).
2	Map critical functional areas	Identify strengths that drive both revenue and impact (e.g., understanding beneficiary needs, building partnerships, operational excellence, process design). Recognise organisations cannot excel in all areas — strategic choice is needed.
3	Invest in identified areas	Dedicate time/resources to chosen functions. Engage in repetitive and experimental learning, benchmark competitors. Remember: absolute advantage only matters if it creates competitive advantage.
4	Build scalable systems	Develop HR, financial, and impact measurement systems that can grow with demand.
5	Secure anchor clients / partners	Reduce reliance on grants by cultivating long-term business-to-business or government contracts.
6	Deploy capabilities	Apply strategic capabilities in initiatives that both enhance social impact and strengthen income streams.
7	Embed learning loops	Reconfigure capabilities as the external environment changes. Regularly review programs/outcomes; adapt to shifting needs and markets.
8	Balance narrative & evidence	Blend impact stories (beneficiary voices) with hard evidence (financial and social impact data) to maintain stakeholder trust.
9	'Guardrails' for purpose	Develop and adhere to "guardrails" to ensure the enterprise remains focused on its social mission.
10	Build impact measurement culture	Adopt dual mission-based KPIs that will support external stakeholder support and legitimacy



NEW AND VALUE-ADDING INNOVATIONS IN QUEENSLAND SOCIAL ENTERPRISES

Queensland social enterprises strengthen both social impact and competitiveness through innovation across their value chains. Drawing on these findings, this section presents recommendations for practitioners and policy planners across four areas of innovation: products and services, processes, operations, and partnerships. These innovations support improved social outcomes while maintaining commercial viability.

PRODUCT AND SERVICE ENHANCEMENTS

The most common innovation type, focused on refining offerings and directly improving the lives of disadvantaged groups. Examples include:

- Improving existing products or services
- Creating new employment pathways for disadvantaged people
- Providing access to essential amenities (e.g., shelters, hygiene facilities)

PRACTITIONERS	<ul style="list-style-type: none"> • Regularly survey customers and beneficiaries for product/service improvement ideas. • Co-create offerings with beneficiary input to ensure relevance and acceptance. • Integrate social employment programs into product/service delivery.
POLICY PLANNERS	<ul style="list-style-type: none"> • Provide innovation grants for product/service upgrades that have measurable social impact. • Facilitate product-testing partnerships between social enterprises and research institutions. • Promote social enterprise products through government procurement channels.

PROCESS INNOVATIONS

Ongoing operational innovations focused on improving internal processes and reinforcing mission alignment. Examples include:

- Adopting digital tools for service delivery and administration
- Improving fundraising and financial management systems
- Attracting and retaining skilled volunteers
- Introducing governance mechanisms that balance mission and commercial goals

PRACTITIONERS	<ul style="list-style-type: none"> • Invest in affordable, scalable digital solutions (CRM, online fundraising platforms). • Develop volunteer management systems with clear role definitions & recognition programs. • Periodically review governance frameworks to ensure mission alignment.
POLICY PLANNERS	<ul style="list-style-type: none"> • Fund digital transformation initiatives for social enterprises. • Offer shared back-office support services for finance and HR. • Deliver governance training tailored to hybrid (social–commercial) models.

OPERATIONAL INNOVATIONS

Less common due to higher resource demands but critical for long-term competitiveness. Examples include:

- Sourcing from new ethical or local suppliers
- Launching targeted marketing campaigns
- Developing creative fundraising models
- Strengthening brand identity
- Implementing cost-sharing partnerships
- Adopting new legal structures for operational efficiency

PRACTITIONERS	<ul style="list-style-type: none"> • Explore collective procurement with other social enterprises to reduce costs. • Build a clear, authentic brand narrative that resonates with both donors and customers. • Test small-scale fundraising pilots before committing resources.
POLICY PLANNERS	<ul style="list-style-type: none"> • Support marketing and branding capacity-building programs. • Facilitate sector-wide supplier networks for ethical sourcing. • Provide legal advisory services to help social enterprises restructure efficiently.

PARTNERSHIP DEVELOPMENT

Emerging but increasingly strategic, with potential to unlock new income streams and impact channels. Examples include:

- Forming alliances with corporates for joint ventures
- Partnering with nonprofits or social enterprises to expand service delivery
- Collaborating with government agencies for co-funded projects

PRACTITIONERS	<ul style="list-style-type: none"> • Map potential partners across sectors and align value propositions with their goals. • Develop formal agreements that safeguard mission integrity. • Build capacity to manage and measure partnership outcomes
POLICY PLANNERS	<ul style="list-style-type: none"> • Host “partnership brokerage” events to connect social enterprises with corporates, NGOs, and agencies. • Provide co-funding schemes for collaborative projects. • Recognise and reward high-impact cross-sector partnerships through awards or publicity.

STRATEGIC TAKEAWAY

High-growth social enterprises integrate social innovation with commercial discipline. Government can act as a catalyst through targeted investment, enabling infrastructure, and strategic partnerships, while practitioners should embed innovation as a core organisational capability to sustain adaptability and impact.

SUPPORT SERVICES AND TRAINING SOUGHT BY SOCIAL ENTERPRISES

Building on the analysis of key challenges, the study identifies the support services most sought by social enterprises to sustain and grow their operations. The highest-rated areas of support include:

- marketing and advertising resources/training, including social media
- measuring social purpose and impact
- financial sustainability and planning support
- organisational growth and sustainability support/training and (e) networking and public relations information.

RECOMMENDATIONS FOR PRACTITIONERS



Strengthen Marketing and Communication Capabilities

- Invest in digital marketing training, particularly around social media campaigns and storytelling that connect with both customers and funders.
- Develop partnerships with marketing professionals or universities to build cost-effective campaigns.
- Use content marketing (blogs, videos, podcasts) to showcase social impact and differentiate from mainstream competitors.



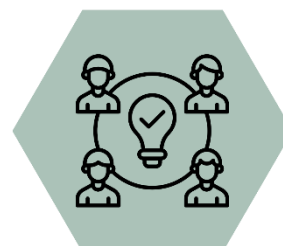
Embed Social Impact Measurement

- Adopt fit-for-purpose impact measurement frameworks (e.g., Social Return on Investment, Theory of Change).
- Train staff in impact reporting tools to balance financial performance with mission delivery.
- Use impact data not only for compliance but also to attract investors, grantors, and customers.



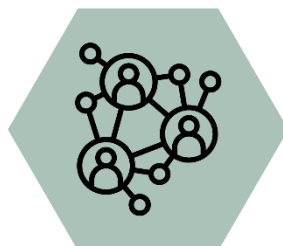
Enhance Financial Sustainability Practices

- Strengthen financial planning and cash-flow management systems to reduce risk exposure.
- Diversify income streams (e.g., combining earned revenue, social procurement contracts, and philanthropy).
- Use peer-learning groups or mentoring programs with experienced social enterprises for financial literacy and sustainability practices.



Build Organisational Growth Capabilities

- Invest in leadership and staff development programs to handle scaling challenges.
- Formalise internal systems (governance, HR, compliance) to prepare for growth.
- Experiment with collaborative models (e.g., consortia bidding for contracts, shared services).



Expand Networks and Partnerships

- Actively seek cross-sector alliances (business, community, government) for knowledge exchange and co-delivery.
- Use regional social enterprise networks (such as QSEC) to build visibility, reputation, and policy voice.

RECOMMENDATIONS FOR STATE GOVERNMENT POLICY PLANNERS



Build Capability Support Infrastructure

- Fund and facilitate statewide training programs in marketing, financial planning, governance, and impact measurement tailored to social enterprise needs.
- Establish regional capacity-building hubs to ensure access for enterprises outside metropolitan areas.



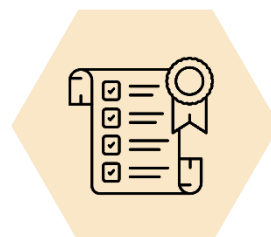
Support Social Impact Measurement

- Co-develop Queensland-wide social impact reporting standards in consultation with social enterprises, to reduce complexity and fragmentation.
- Provide grants or subsidies for enterprises to adopt digital impact measurement tools and platforms.



Strengthen Access to Finance

- Expand seed/start-up funding and low-interest loan schemes designed for hybrid social-commercial models.
- Encourage social procurement policies across government contracts, giving social enterprises market access and predictable revenue streams.
- Support tailored financial literacy and planning programs for social enterprise managers.



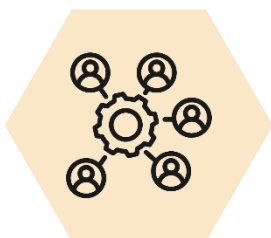
Promote Legal and Regulatory Clarity

- Provide dedicated advisory services on legal/regulatory issues specific to social enterprises (taxation, procurement, employment laws).
- Consider legal recognition (e.g., a “social enterprise entity status”) that offers benefits like concessional tax treatments or procurement preferences.



Invest in Digital and Marketplace Infrastructure

- Create a Queensland Social Enterprise Online Marketplace to showcase social enterprise products and services.
- Fund digital enablement grants to close the digital divide in regional social enterprises.



Foster Ecosystem and Networks

- Facilitate regular networking events, co-design workshops, and roundtables to connect social enterprises with business, philanthropy, and public sector partners.
- Continue investing in the Social Impact Office and hubs to coordinate policy, research, and practitioner engagement.

Overall, practitioners need to build internal strategic capabilities (marketing, finance, impact measurement, growth systems, and networks), while the State Government can best support by providing enabling infrastructure (funding, training, regulatory clarity, procurement pathways, and digital platforms). Together, these will foster a more resilient, scalable, and impactful social enterprise sector in Queensland.

SOCIAL ENTERPRISE PERFORMANCE – SOCIAL IMPACT WITH COMMERCIAL VIABILITY

MEASURING THE PERFORMANCE AND IMPACT OF SOCIAL ENTERPRISES

Despite interest in how social enterprises create social and economic value is increasing, performance and impact measurement remains inconsistent and often impractical in day-to-day operations. Many existing approaches are largely conceptual and have not been reliably tested in real-world settings, leaving limited evidence about which measures are both meaningful to social enterprises and feasible to use. This study responds to that need by testing a set of performance measures with Queensland social enterprises and assessing their relevance and decision value. Over the past three years, high-growth social enterprises consistently prioritised three performance areas:

Social Value Creation

Social value creation emerged as a core performance priority among high-growth social enterprises, reflecting the centrality of mission fulfilment alongside commercial viability. Respondents rated their focus on social value creation at a moderate to high level ($M = 2.90$, $SD = 1.14$), indicating both strong commitment and some variation in emphasis across organisations. In practice, this priority was most commonly expressed through efforts to deliver deeper or broader value to beneficiaries, including expanded disability support services, improved access to education for disadvantaged groups, and targeted training programs designed to enhance the employability of people facing structural barriers to work.

Financial Sustainability

Financial sustainability was identified as a critical performance priority, underscoring the need for social enterprises to maintain commercial viability in order to sustain their social mission. Respondents reported a moderate emphasis on financial sustainability ($M = 2.86$, $SD = 0.96$), with relatively lower variability compared to social value creation, suggesting a broadly shared concern across organisations. In practice, this priority was reflected in efforts to increase total revenue, improve cost efficiency, achieve acceptable returns on investment, and ensure consistent value delivery to contracted clients and partners.

Social Impact

Social impact was also identified as a key, though more variably prioritised, dimension of performance among high-growth social enterprises. Respondents reported a moderate emphasis on social impact ($M = 2.56$, $SD = 1.07$), with the higher level of dispersion indicating differences in how organisations define, pursue, and measure impact outcomes. In practice, social impact was most commonly articulated through employment generation, support for local suppliers, and the delivery of broader community benefits, including reduced social harm through job creation and targeted environmental protection initiatives.

STRATEGIC TAKEAWAY

High-growth social enterprises in Queensland perform best when they strengthen social value creation, maintain financial sustainability, and demonstrate measurable social impact. The findings indicate these three dimensions are mutually reinforcing and should be managed as a single performance system, not as trade-offs. For practitioners, this provides a clear foundation for strategic prioritisation and performance management. For policymakers, it highlights the importance of coordinated support settings that help enterprises build capability across all three areas in tandem. Tables 18 and 19 consolidates these insights and links them to practice recommendations that follow.

Table 18: Practitioner recommendations: Managing the social enterprise ecosystem

STRATEGIC FOCUS AREA	RECOMMENDED PRACTITIONER ACTIONS	INTENDED OUTCOME FOR THE ENTERPRISE
Embed social value creation into core strategy	<ul style="list-style-type: none"> • Integrate social value objectives into annual business plans and KPIs so each commercial activity clearly advances the social mission. • Use beneficiary feedback loops (e.g. surveys, interviews, co-design sessions) to continuously refine services. • Build partnerships with community organisations to strengthen reach, relevance, and legitimacy. 	Strong alignment between mission and operations, ensuring growth reinforces—rather than dilutes—social purpose.
Strengthen financial sustainability systems	<ul style="list-style-type: none"> • Adopt robust financial dashboards to track revenue streams, cost efficiency, and return on investment. • Diversify income sources through a balanced mix of trading income, grants, and social investment. • Build financial reserves to buffer against funding volatility and unexpected shocks. 	Improved financial resilience, better strategic decision-making, and reduced vulnerability to external funding changes.
Measure and communicate social impact	<ul style="list-style-type: none"> • Apply blended measurement approaches combining quantitative indicators (e.g. jobs created, emissions reduced) with qualitative evidence (e.g. stories of change). • Publish annual impact reports to demonstrate accountability and build trust with funders, partners, and communities. • Align impact measurement with recognised frameworks such as the SDGs and Social Return on Investment (SROI). 	Enhanced credibility, stronger stakeholder confidence, and clearer articulation of social value created.

Table 18 sets out practical actions for social enterprise leaders to strengthen performance across social value creation, financial sustainability, and impact measurement. Table 19 complements this by identifying how policy planners can shape funding, capability-building, and ecosystem supports to enable integrated capability development across all three dimensions.



Table 19: Policy recommendations: Enabling conditions for high-growth social enterprise performance

POLICY FOCUS AREA	KEY POLICY ACTIONS	INTENDED PRACTITIONER OUTCOME
Require and resource mission-linked planning	<ul style="list-style-type: none"> • Embed “mission-to-market” requirements in grants and contracts to link commercial activity with social value outcomes. • Provide a simple, standardised KPI and reporting template adaptable across enterprise contexts. • Fund light-touch beneficiary feedback mechanisms (e.g. surveys, facilitation, translation, accessibility supports). 	Stronger alignment between commercial delivery and social purpose, with practical feedback loops and reduced reporting burden.
Strengthen financial management capability at the point of need	<ul style="list-style-type: none"> • Offer subsidised financial coaching and pro-bono CFO/accounting panels for pricing, cost modelling, and financial dashboards. • Establish a small “systems uplift” fund for finance tools, bookkeeping upgrades, and governance systems—prioritising regional and remote enterprises. • Allow a portion of eligible funding to be allocated to reasonable operating reserves where appropriate. 	Improved financial literacy, resilience, and decision-making capacity across diverse enterprise stages.
Improve market access and revenue stability through procurement and commissioning	<ul style="list-style-type: none"> • Expand social procurement pathways and embed social value criteria in relevant tenders, with clear buyer and supplier guidance. • Break large contracts into accessible lots and provide “ready-to-supply” supports (e.g. pre-qualification, insurance guidance, tender writing assistance). • Use longer contract terms where feasible to support workforce stability and service quality investment. 	Increased market access, predictable revenue streams, and sustainable workforce development.
Unlock blended finance and fit-for-purpose capital	<ul style="list-style-type: none"> • Co-design and expand blended finance options (e.g. guarantees, matched funding, low-interest loans) aligned to enterprise growth stages. • Build referral pathways enabling smooth transitions between grants, procurement, and social investment opportunities. 	Better access to appropriate capital across the enterprise life cycle, supporting growth and scale.
Standardise, simplify, and recognise impact measurement	<ul style="list-style-type: none"> • Provide a Queensland-aligned impact measurement toolkit with core indicators and optional modules (incl. SDG mapping). • Fund shared measurement supports (data collection, evaluation partners, common platforms) and reduce duplicative reporting requirements. • Recognise and incentivise annual impact reporting in funding and procurement assessments instead of adding new reporting layers. 	Consistent, credible, and proportionate impact measurement that supports learning and accountability.
Support partnerships and place-based networks	<ul style="list-style-type: none"> • Fund regional network conveners to connect social enterprises with community organisations, industry partners, and local government. • Back community-led evaluation initiatives to strengthen legitimacy and local relevance. • Enable cross-sector partnerships through small partnership grants and facilitation support. 	Stronger collaboration, local embeddedness, and ecosystem-level impact.

Taken together, these recommendations provide a practical roadmap for strengthening Queensland’s social enterprise economy. They recognise that sustainable growth and measurable impact depend on coordinated action across policy settings, market mechanisms, finance, and capability development. Implementing these interventions will reduce operating constraints, improve enterprise resilience, and enable social enterprises to scale social outcomes alongside commercial performance. The priority now is coordinated implementation, with clear roles, measurable milestones, and ongoing partnership with the sector to ensure the recommendations deliver demonstrable results for communities across Queensland.

APPENDIX

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