

CENTRE
for **SOCIAL**
IMPACT



PULSE OF THE FOR-PURPOSE SECTOR

Social Enterprise

November 2020



About the Survey Module and Sample

A business confidence survey for social enterprises

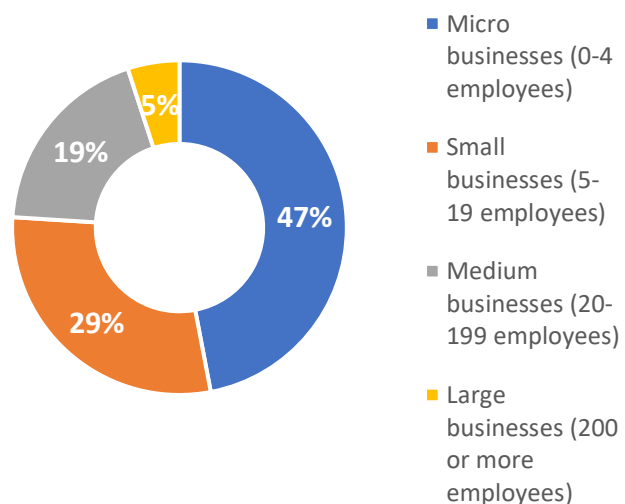
The Centre for Social Impact (CSI) launched the Pulse of the For-Purpose Sector Survey in July 2020, marking the first wave data collection of a national, longitudinal research project that aims to provide key information on the state of the charity, not-for-profit, and for-purpose sectors. As part of the Pulse survey, the social enterprise module included organisations that are, or operate, social enterprises. The Pulse survey social enterprise module aims to fill an information gap by offering sector-specific business insights for social entrepreneurs, policy makers and social impact investors.

Characteristics of the social enterprises in the sample

Out of the total survey sample (524 responses), 99 participants indicated that their organisation operates one or more social enterprises. Ninety-one of these respondents answered all or most questions in the social enterprise survey module and constitute the sample for this report.

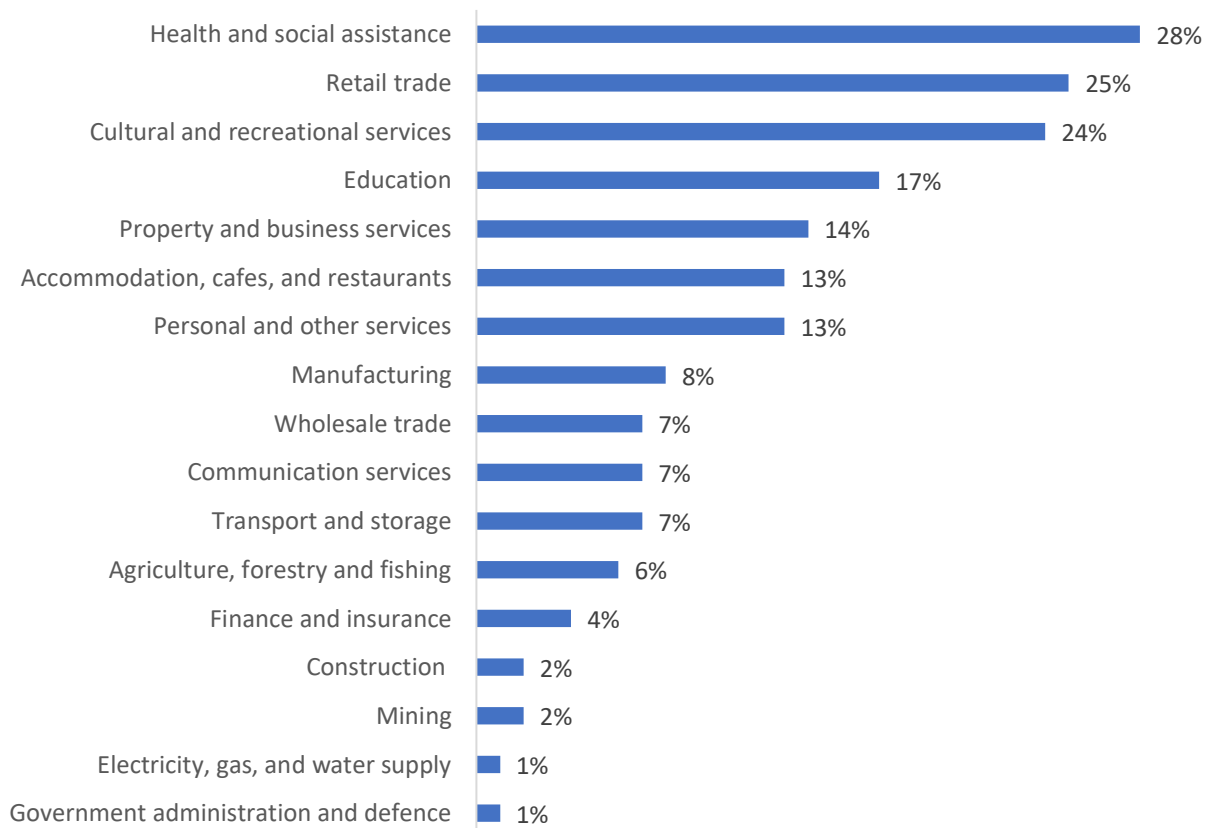
Surveyed social enterprises have been operating on average for 16 years (median: 8 years), with the newest being established this year, and the oldest in operation for 83 years. Close to half (46%) of the sample reported being operational for more than 10 years.

Figure 1 Social enterprise size by # employees



As shown in Figure 1, one in two organisations employs four people or fewer through their social enterprise, and three quarters of the sample are micro or small businesses – a finding that aligns with past national findings from the 2016 Finding Australia’s Social Enterprise Survey (FASES) (Barraket, Mason & Blain, 2016). Industries in which the social enterprises operate are listed in Figure 2, with the two most frequently identified industry categories being Health and Social Assistance (28%), and Retail Trading (25%). This result is also consistent with the top two cited industry categories from the 2016 FASES findings.

Figure 2 Industries in which surveyed social enterprises operate



Findings

Confidence and plans for growth

The majority (74%) of surveyed organisations are confident that their social enterprises would be financially sustainable in the next three months. Their outlook is somewhat less positive for the next 12 months, although more than half of the sample (61%) remain confident. Furthermore, the business growth plans for social enterprises mirror the confidence displayed, with 64% of organisations planning for growth of their enterprises. This echoes an earlier finding from the Social Traders COVID-19 June survey, which reported three in four surveyed social enterprises believing in their potential to grow significantly with the right support (Social Traders, 2020).

Figure 3 Confidence in financial sustainability

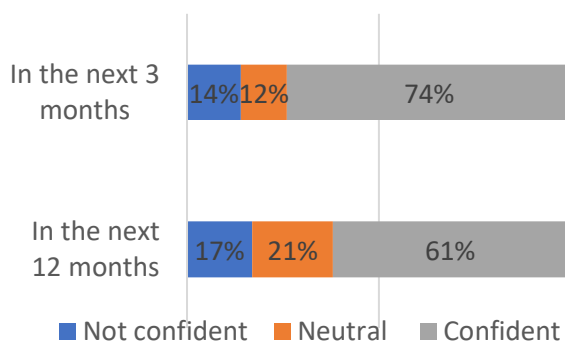
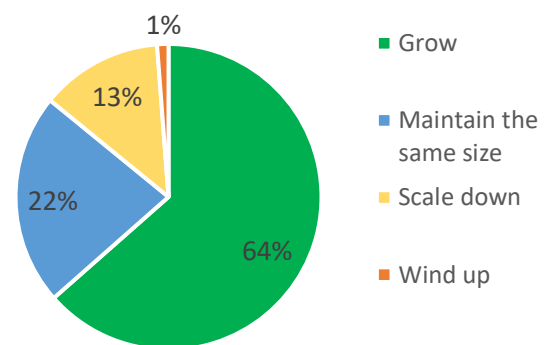


Figure 4 Current plan for social enterprise growth

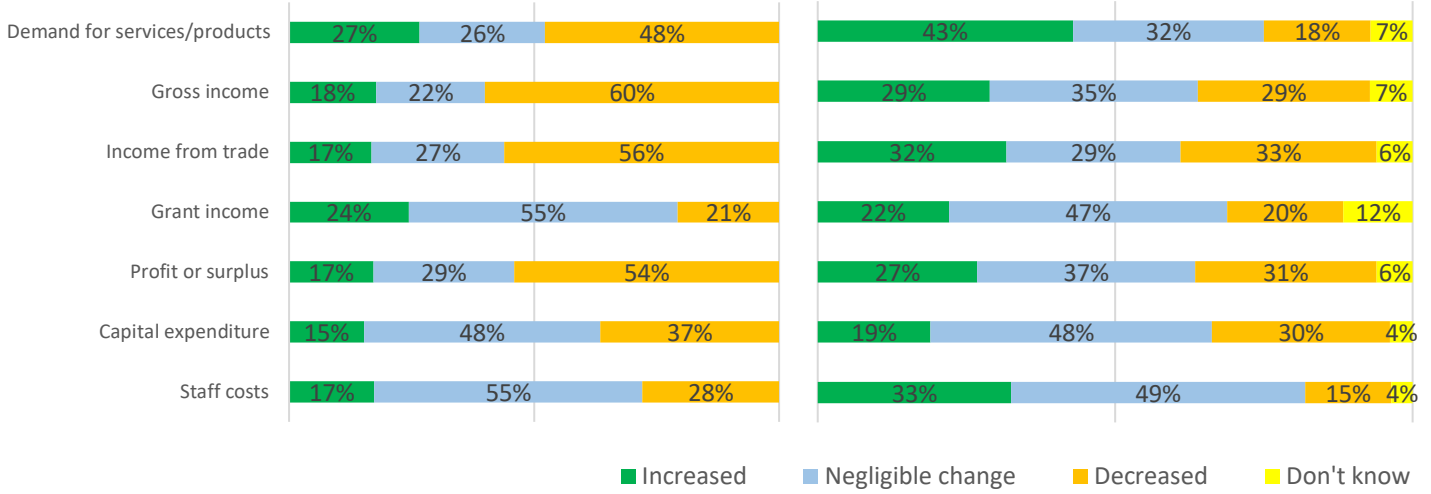


Business conditions of the primary income earning business stream of the social enterprise

During the three months prior to the survey, the primary income generating business stream had seen gross income, income from trade, profit, and demand plummeting among half or more surveyed organisations. While demand is expected by the respondents to bounce back significantly in the coming months (with 43% of organisations expecting demand for services/products to increase in the three months following the survey) – possibly reflecting the role of social enterprise in responding to community needs – recovery in gross and trade income, as well as profit, is expected as well, albeit at a slower pace. There is also notable uncertainty among participants about how grant income will fare over the coming months.

Figure 5 Changes experienced in LAST 3 months

Figure 6 Changes expected for NEXT 3 months

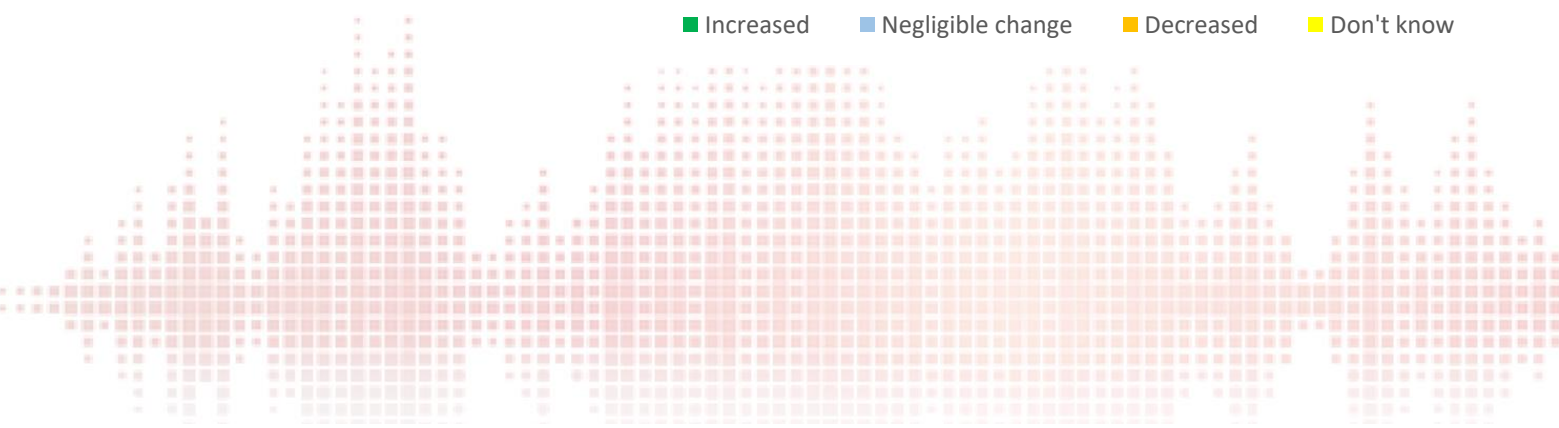
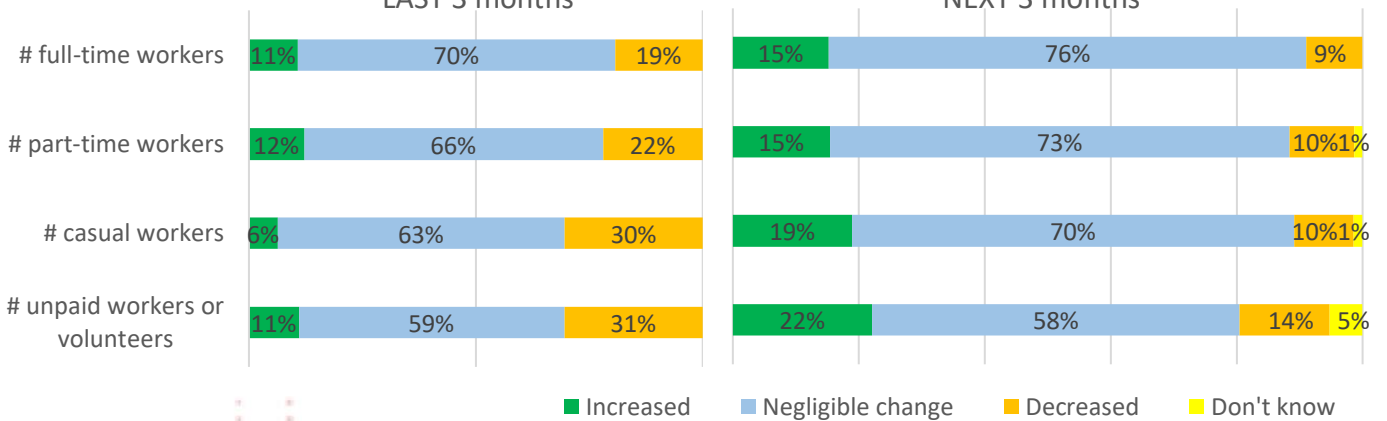


Access to suitable staff and finance

Access to a skilled workforce and/or external finance is pivotal in business growth. However, survey respondents predict slow employment growth, with the increases among unpaid workers/volunteers and casual staffing. Predicted staff increases over the next three months are smaller than staff numbers lost in the previous three months, suggesting a net loss of employment within the social enterprise sector during the pandemic and early recovery period.

Figure 7 Changes experienced in LAST 3 months

Figure 8 Changes expected for NEXT 3 months



Given the current macro-conditions, social enterprises in the sample understandably expressed less interest in, or need for, accessing external finance at this time. Among those who had been seeking finance, there are a greater number (22%) who found it more difficult than those who found it easier (9%). When the timeframe is adjusted to the next 12 months, most are willing to consider a range of finance resources (the percentage of those who will not seek external finance drops to 7%, from 54%). Grants are the overwhelmingly popular option, with 69% of respondents preferring this source of external finance.

Figure 9 Compared to 3 months ago, how easy is it to access external finance

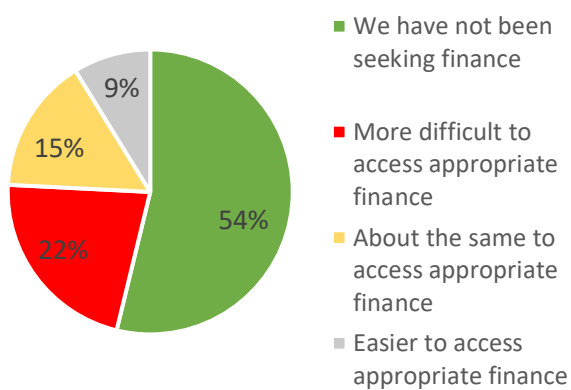
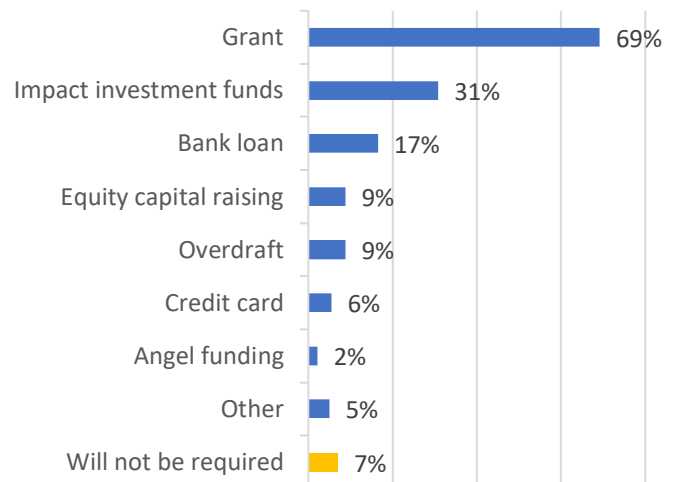


Figure 10 Options to consider, if needs to access finance in 12 months



Characteristics of Sampled Organisations in the Module

With an average of 32 years in operation

(median: 19 years), slightly less than half of

(46%) organisations that participated in the

social enterprise survey module have been

operational for more than 20 years. In terms of

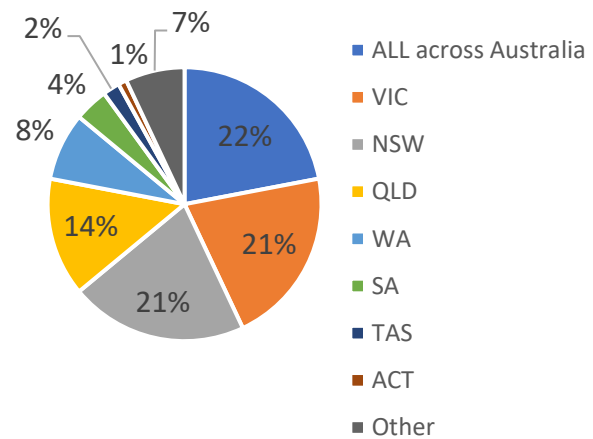
geographic areas where the organisations

operate, one in five operate across Australia,

while the bulk of respondents were located in

Victoria, New South Wales, and Queensland.

Figure 11 Geographic distribution of service and operation coverage



The average reported revenue from the last financial year was close to \$11 million, with an estimated average expenditure of \$10 million. Amongst the 53 organisations that provided data on both revenue and expenditure, the majority (41) is operating in surplus or balance, leading to an averaged surplus of \$256,000 for this sub-sample.

Table 1 Total revenue and expenditure in last financial year

Total revenue in last financial year (N=56)	
Average	\$10,758,347
Median	\$1,441,408
Total expenditure in last financial year (N=54)	
Average	\$10,160,208
Median	\$1,338,800

COVID-19 Impact

The impact of the pandemic has manifested on various fronts for participating organisations, with reductions in revenue being the most significant challenge. The shift to full or partial online service delivery signals the substantial changes and adjustments that have been required, and made, in operations. Whilst the workforce at most organisations has been largely retained, considerable savings in staff costs have been made through measures such as unpaid leave and decreasing work hours.

Temporary closures, either self-directed or Government enforced, have taken place to various degrees in 50% of organisations.

The majority of respondents reported having accessed Government stimulus support and JobKeeper payments. Two in three sampled organisations were eligible for Government assistance, with three quarters receiving payments as part of the stimulus package, and a higher percentage accessing (applying for and receiving) JobKeeper payments.

Figure 12 Impact of COVID-19 on the organisation

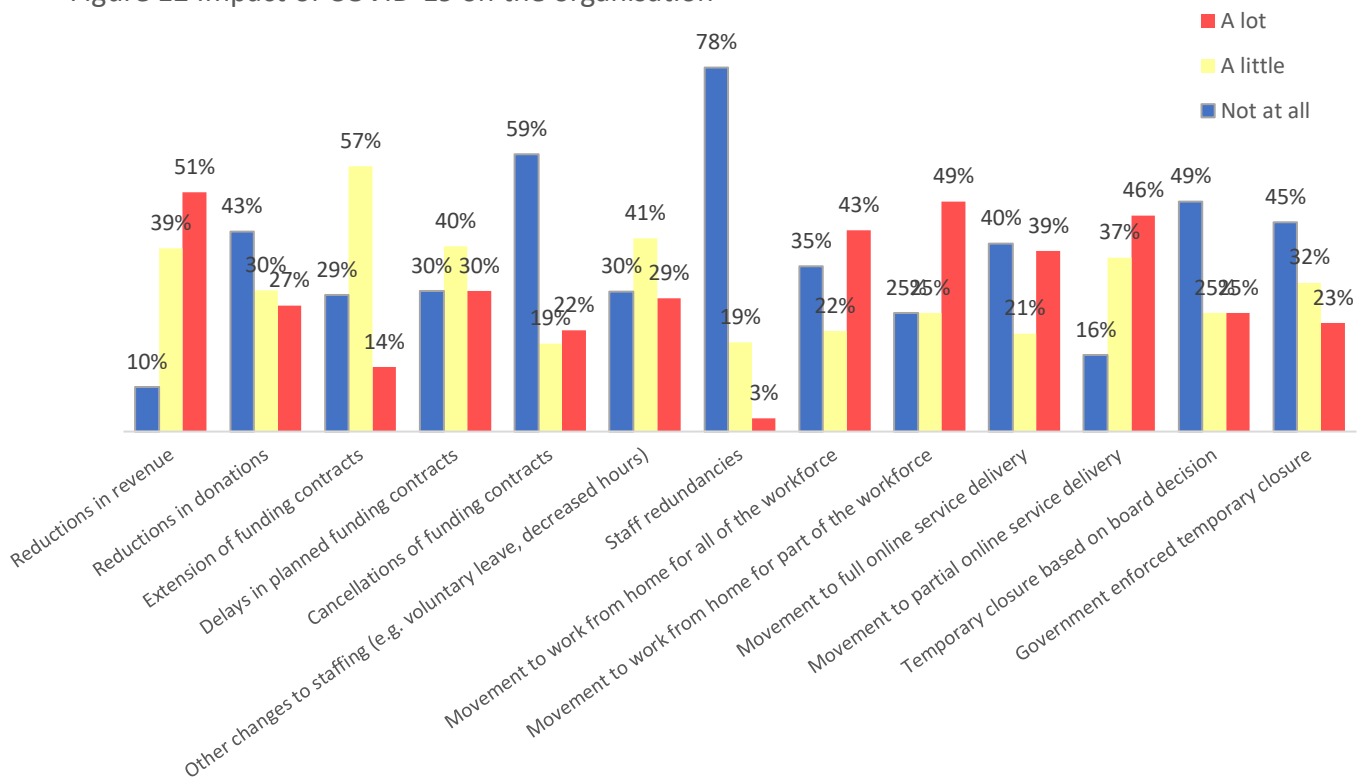
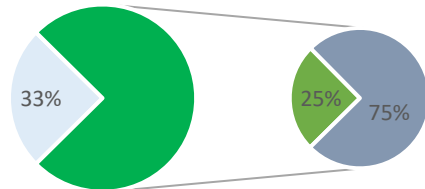
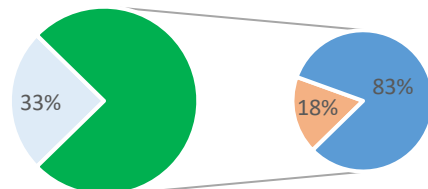


Figure 13 Proportion of organisations receiving payment as part of stimulus package



- Not eligible for government stimulus package
- Eligible for government stimulus package
- Did not receive payment as part of stimulus package (Eligible organisations)
- Received payment as part of stimulus package (Eligible organisations)

Figure 14 Proportion of organisations applying for JobKeeper payment



- Not eligible for government stimulus package
- Eligible for government stimulus package
- Did not apply for JobKeeper payment (Eligible organisations)
- Applied for JobKeeper payment (Eligible organisations)

References

- Barraket, J., Mason, C., & Blain, B. (2016). *Finding Australia's Social Enterprise Sector 2016: Final Report*. Australia: Social Traders and the Centre for Social Impact Swinburne. Retrieved from <https://apo.org.au/sites/default/files/resource-files/2016/06/aponid64444-1157591.pdf>
- Social Traders. (2020). *COVID-19 Impacts and Recovery Prospects for the Australian Social Enterprise Sector*. Australia: Social Traders. Retrieved from: <https://www.socialtraders.com.au/covid-19/covid-19-impacts-and-recovery-prospects-for-the-australian-social-enterprise-sector/>