



# Impact and Sustainability in Art Based Social Enterprises

Grace McQuilten, Anthony White, Ben Neville and Krzysztof Dembek

### **Research team**

Grace McQuilten and Anthony White	Faculty of Arts
Ben Neville and Krzysztof Dembek	Faculty of Business and Economics

© Grace McQuilten, Ben Neville, Anthony White and Krzysztof Dembek, The University of Melbourne, 2015

This work is joint copyright. It may be reproduced in whole or in part for study or training purposes subject to acknowledgement of the source and is not for commercial use or sale. Reproduction for other purposes or by other organisations requires the written permission of the authors.

For citation: McQuilten, G., White, A., Neville, B. and Dembek K., (2015) *Impact and Sustainability in Art Based Social Enterprises*, The University of Melbourne, Melbourne.

**ISBN** 978 0 9942709 1 7

First printed February, 2015

Cover photo © Eugenia Lim, 2012.

Enquiries about reprinting information contained in this publication should be made through:

Melbourne Social Equity Institute  
University of Melbourne, 3010  
Victoria, Australia  
social-equity@unimelb.edu.au  
www.socialequity.unimelb.edu.au

# Impact and Sustainability in Art Based Social Enterprises



# Table of Contents

<b>Introduction</b>	<b>7</b>
<b>1. Literature Review - Art based social enterprises</b>	<b>8</b>
Social enterprise: background	9
Art and the market	12
Art as social enterprise	14
Issues in the field of art as social enterprise	18
<b>2. Findings from pilot study on sustainability and management of art-based social enterprises</b>	<b>21</b>
Internal tensions	23
External context	25
<b>3. Directions for future research</b>	<b>30</b>
<b>Notes</b>	<b>32</b>



# Introduction

This report maps the emergent territory of social entrepreneurship in the arts in Australia and investigates factors that impact upon the ability of art-based social enterprises to sustain their work and create meaningful social benefit. It is based on a research project carried out in 2014 at the University of Melbourne with the support of the Melbourne Social Equity Institute. The report is presented in three parts; (i) a literature review of the field of art and its relationship to social enterprise, including issues, potential benefits and research gaps; (ii) findings from a pilot study examining the tensions between artistic, social and economic goals in art-based social enterprises; and (iii) directions for further research. The report contributes to the development of new policy and better practice for arts organisations by looking at social enterprise as a model for both financial growth and the creation of social impact.

# 1. Literature Review - Art based social enterprises

Social enterprise holds promise for art to maintain independence within a global economic system that appropriates creative activity toward both social and economic ends. In both art and social enterprise there are inevitable tensions in the relationship between non-economic and economic values. Historically, in both the social sector and the arts, a critical distance from the market and a reliance on public funding has provided a vehicle to sidestep this conflict. However amid the rise of global capitalism, there has been a dramatic transformation whereby the market economy has increasingly appropriated the social sector and the arts and accommodated them to corporate processes. In other words, there is arguably no “outside” of the market from which artists can stage critique.<sup>1</sup> In *Arts and Creative Industries*, a report commissioned by the Australia Council in 2011, the researchers observe a gradual shift toward privatisation and individualism in arts production stemming from 1960s ideologies about creative freedom. This has led to an increasingly entrepreneurial spirit. As they write, “Independent cultural producers were acting in ways akin to small business entrepreneurs; they were self-employed and looked to take advantage of niche, emerging, fleeting markets.”<sup>2</sup>

The problem with this increased individualism, as evidenced in the same report, is a simultaneous instrumentalisation of artists for commercial interests, and a deferral of responsibility for problems in the arts away from social policy makers and onto individuals.<sup>3</sup> There is no doubt that free market ideology dominates many aspects of contemporary society across the globe, including government policy, the non-profit sector and commercial enterprises, resulting in greater competition for funding and resources. Burton Weisbrod writes that, “Competition for resources is driving all organizations – non-profit, for-profit and government – to search for new markets, and a market that is new to one type of organization is quite likely to be occupied already by another.”<sup>4</sup> One of the results of this shift from public to private is that non-profit organisations are increasingly taking on the responsibilities of government in addressing cultural issues, the distribution of wealth, the promotion of community and the development of local culture.<sup>5</sup>



However in the case of arts institutions, many non-profits are competing for funding and resources, and as a result, are adopting commercial fundraising strategies. As Paul DiMaggio argues, "Many legally non-profit enterprises operate in a manner calculated to optimise revenues or are at least pressed to do so by significant parts of their business environments."<sup>6</sup> This has been evidenced in the explosion of the social enterprise sector; a hybrid of non-profit and for-profit organisation models that aim to generate income to support socially motivated projects. Art-based social enterprise is on the rise in Australia, as demonstrated by a recent report issued by Tasmanian Regional Arts titled "Learning from Branching Out: An exploration of Social Enterprise in the Tasmanian Arts Sector," which looked at the possibilities of social enterprise to rejuvenate struggling arts organisations in regional areas of Tasmania.<sup>7</sup>

## **Social enterprise - background**

Social enterprise discourse has developed in line with an increasing convergence of public, private and non-profit sectors. As a result of this convergence, an increasing number of hybrid organisations have developed that bring together business methods with the aim of producing social benefit.<sup>8</sup> The need for the kinds of social benefit that these organisation are set up to address is well documented. Australia is often counted among the wealthiest nations in the world; however, serious levels of poverty exist. Over 2.2 million people in Australia are estimated to be living in poverty, and there was a 2.4% rise in poverty from 1994 to 2006.<sup>9</sup> Moreover, the problem is compounded by the fact that 75% of those living in poverty are in a household where no one has paid work. A combination of poverty, unemployment and difficulty accessing services has a direct correlation with social isolation, mental /physical health issues and social problems.<sup>10</sup> Social enterprise has been seen as an innovative approach to addressing such poverty by enabling those experiencing disadvantage to gain employment and pathways to education, thereby reducing long term economic exclusion. Definitions of social enterprise vary widely, both in theoretical discourse and in practice. What appears consistently among such definitions and instances is a convergence between public and private models of organisation, along with an over-arching priority to create social value through enterprise activity.<sup>11</sup>

The vast majority of social enterprises are organisations led by a social, cultural, environmental or economic mission consistent

with a public or community benefit. They trade to fulfil this mission, derive a substantial portion of their income from trade, and reinvest the majority of their profit/surplus in the fulfilment of their mission.<sup>12</sup> While there is general consensus that social enterprise is a recent and rapidly expanding field, there is uncertainty about the exact scale and scope of social entrepreneurship around the world. In the UK alone it is estimated that there are 68,000 enterprises operating, employing around a million people and contributing over 24 billion pounds to the economy. Similar numbers are cited in other European countries, however the accuracy of these estimates are disputed, partly due to the hybridity of many social enterprises, which might also be classified as NGOs or for-profit businesses.<sup>13</sup>

The Global Entrepreneurship Monitor conducted a major survey on social enterprise activity in 2009, taking these issues into account. The survey involved 150,000 interviews with individuals across 54 countries worldwide, in both developing and developed countries, to assess the prevalence of social enterprise activity. They found social enterprise activity rates averaged 2% globally, although this varied depending on the particular geographic region. The areas of strongest activity were the USA, followed closely by the Caribbean, Latin America and Africa, with European nations following. This shows that the model has adaptability across economic and social contexts and various stages of development. However there was a strong correlation between social entrepreneurship in liberal political states, showing an alignment with late capitalist economic and social processes. The researchers report, "inter-regional variations show that, in general, higher SEA rates correspond to more liberal economies."<sup>14</sup> The category of culture and recreation was the third largest category of social enterprise activity, representing 12% of the total worldwide. This may be accounted for in the increasing emphasis on cultural and creative industries in the global development agenda.

The innovative character of the social enterprise model can be seen in its difference from traditional social welfare provision, which arguably reinforces categories of disadvantage through a model whereby those in positions of privilege provide assistance to those who are poor. This model perpetuates a lack of capacity among those experiencing disadvantage. Slavoj Žižek has been strident in his criticism of this more traditional approach to charity. Those who believe in charity, he argues, "very seriously and very sentimentally set themselves to the task of remedying the evils

that they see. But the remedies do not cure the disease they merely prolong it; indeed the remedies are part of the disease.”<sup>15</sup> Instead, he suggests that we need to change society itself; to restructure economic and social systems that enable poverty in the first place. He argues “The proper aim is to try and reconstruct society on such a basis that poverty will be impossible and the altruistic virtues have really prevented the carrying out of this aim.”<sup>16</sup> Social enterprises go some way to effecting this very change by providing a new model of intervention where the focus shifts from servicing the poor to enabling those experiencing disadvantage to become the agents in their own economic and social development.<sup>17</sup>

This capacity depends, however, on the ability of those running the enterprise to be innovative in their management style in order to deal with the tensions that often arise between social benefit and economic viability, and the degree to which those experiencing disadvantage are involved in the creation and management of the organisation.<sup>18</sup> For these and many other reasons the social enterprise sector is considered to be highly innovative. As a recent study commissioned by Social Enterprise UK argued, “social enterprises are considerably more innovative than their SME peers.”<sup>19</sup> This sense of innovation relates to both the ability for social enterprise to come up with new strategies to address entrenched social problems and to its ability to adapt and change according to social and economic conditions.

While the hybridity of social enterprises can make the boundaries between business and social purposes somewhat opaque, leaving room for commercial exploitation, social enterprise differs from mainstream business in its deployment of community engagement strategies, strong stakeholder engagement and foregrounding of non-economic values and activities. It is worth noting that in the Global Entrepreneurship Monitor survey, it was documented that the vast majority of enterprises were either non-profit or hybrid models, with only a minority identified as for-profit.<sup>20</sup> Social enterprise has activated the commercial marketplace as a ground for generating income for social purposes, particularly employment and income generation for those experiencing disadvantage. This ability to provide employment and economic advancement talks to Žižek’s ideas about addressing the root causes of poverty, rather than focusing purely on relief. Any consideration of the social enterprise model in the arts, however, must take into consideration the importance of artistic freedom, critical thought and institutional independence.

## Art and the market

It has long been recognised that art has an important role to play in influencing society to think critically and to encourage us to embrace change. Art feeds and also troubles consumer culture, and this is an important factor in stimulating change. Art should therefore be recognised for its ability to create social value in and of itself, rather than being utilised to solve social problems in an instrumental or therapeutic approach. The risk of over-emphasising social inclusion and collectivity in art is the loss of political dissent. This is the basis of Jacques Ranciere's critique of the "ethical turn" in politics and art. He argues:

Breaking with today's ethical configuration, and returning the inventions of politics and art to their difference, entails rejecting the fantasy of their purity, giving back to these inventions their status as cuts that are always ambiguous, precarious, litigious.<sup>21</sup>

Likewise Nicolas Luhmann argues that art is unique for the way it communicates our search for meaning in life without dictating an answer. He writes, "What is at stake in art is not a problem to be solved once and for all but a provocation – the provocation of a search for meaning that is constrained by the work of art without necessarily being determined in its results."<sup>22</sup> David Throsby argues for a careful balancing act, managing all three goals of artistic, social and economic value:

In the field of cultural policy this will require constant vigilance to ensure the right balance is struck between fostering the economic potential of the cultural industries in all their various guises, promoting beneficial social change, and ensuring the long-term health and vitality of the art and culture that is the cornerstone of civilization.<sup>23</sup>

Artistic freedom is compromised by both free-market activity and sponsorship of non-profit arts organisations. Victoria Alexander suggests that funding interests tend to determine the scope and type of exhibitions being staged. In her study of the impact of funding on the curatorial practices of major art museums and galleries in Australia, she writes:

It is clear that funders prefer to sponsor certain types of exhibitions, those that help funders meet the goals behind their philanthropy. In the aggregate, corporations fund

more popular and accessible, but less scholarly, exhibitions, compared to exhibitions that museums underwrite with internal funds.<sup>24</sup>

While the art market itself is growing at a rapid pace globally, government funding for the arts has been in steady decline.<sup>25</sup> This indicates a growing role for the private sector in sustaining artistic practice, production, and reception. Deloitte, a major financial service operating in the art market, issues an annual *Art and Finance* report documenting trends in the international market. In the 2013 issue, this growth of the market was a preoccupation. The report noted:

The unprecedented development of the art market over the past few years has resulted in the 'financialization' of the art market. Art is now seen not only as an object of pleasure, however, also as a new alternative asset class with interesting business opportunities.<sup>26</sup>

It is interesting to note that alongside this affirmation of the growth in the private art market, the Deloitte report also acknowledges greater difficulties for practitioners in the field as a result of this private expansion. At one point it describes how "the globalisation of culture has led art organisations and cultural related companies to confront a number of strategic issues critical to reaching their goals."<sup>27</sup> Part of this increased complexity relates to a decline in government funding, which has traditionally supported the creation and development of art, as opposed to the sale and re-sale of artworks, which is the primary interest of the private market. The growth in the private art market relates to auction sales – the sale of existing, high-value artworks – as opposed to financing of the creation of new artwork and emerging artists. Deloitte reports that auction sales have grown 600% in the last decade, which accounts for a large share of the total growth in the market.<sup>28</sup>

Global data providing a breakdown of funding sources for the arts is very difficult to obtain. Looking at trends on a region-by-region basis, however, we can see a pattern of decline in government support for the arts at the state level, with a parallel spike in the growth of the private sector globally. In the USA, government support for the arts was significantly affected by the global financial crisis of 2008. Since then, with an economy in recession, the arts have seen a continuous reduction in public funding. *The Art Newspaper* reported in 2011 that arts funding

in the US had reached a record low, with local support declining 21% and federal funding decreasing by as much as 30% since the global financial crisis. It also noted, "Non-profit arts organisations operating at a deficit rose to 43% in 2011 from 36% in 2007, due in part to the decreased funding across all levels of government."<sup>29</sup> Alongside this was a rise in arts organisations operating at a deficit. Despite positive forecasting, the decline continued in 2012.<sup>30</sup> This trend has also been evident in the UK and Europe, which has similarly suffered from the effects of the global financial crisis. A policy report issued by the European Network on Cultural Management and Cultural Policy, titled "Responding to the crisis with culture," expressed concern about a decline in both public and private support for public art museums, despite the growth of the private art market.<sup>31</sup> The report responded to this situation by encouraging new business and governance models. Even in Australia, which was relatively unscathed by the global financial crisis compared to other nations, the same trend has been observed, with a decline in public funding coinciding with a 98% increase in private sponsorship in the period 2001 to 2011.<sup>32</sup> Despite such observations and advocacy for the creation of new business models, so far there has been very little offered in the way of a tangible alternative to the existing binary between non-profit, publicly funded institutions and for-profit galleries and auction houses.

## **Art as social enterprise**

What social enterprise brings to this field is the potential for self-generated revenue, reducing a singular dependency on either government funding, philanthropic donors or the market. This type of organisation could, therefore, carve out greater independence, critical freedom, creativity and economic equity for all those involved in the production, presentation and dissemination of artistic activity. In a critique of the economic conditions of artists, Angela McRobbie actively calls upon the art community to consider "radical social enterprise" as an alternative to the existing creative economy.<sup>33</sup> Art as a social enterprise signals greater independence from institutional and commercial demands in art practice, while promoting greater transparency in terms of work conditions and profit distribution in the production and sale of art. Along with these economic factors, the model has the potential to generate other ripple-out aesthetic and social benefits including greater space for artistic and social critique, along with the potential for collective action and engagement in civic life. This is relevant not only in the context of social justice, poverty and disadvantage in

a broad sense, but also in redressing the systemic inequalities of the art system itself, the precariousness of which brings many social problems in terms of the employment conditions of artists, producers and makers. As Gerald Raunig describes, for example, “most of the people labelled as ‘creatives’, work freelance and/or as self-employed entrepreneurs with or without limited contracts [...] Here flexibility becomes a despotic norm, precarity of work becomes the rule, the dividing lines between work and leisure time blur just like those between work and unemployment, and precarity flows from work into life as a whole.”<sup>34</sup>

Social enterprise in the arts has tended to emerge in the areas of textile art, craft, fashion and design as opposed to the areas of exhibitions, dealership and gallery sales. This is partly linked to accessibility, in terms of artists being able to source materials and produce items with minimal infrastructure and cost, while readily accessing markets independently of curators and dealers. It also relates to an emergence of such enterprises in developing rather than developed economies, linked with a broader global development agenda, and in a context where there is a greater reliance on self-generated income due to lack of government and philanthropic support. In a submission for the Economic Cooperation and Development Review in 2013 made by Irena Bokova, the Director-General of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) emphasised the role of arts and culture in promoting sustainable development:

As a source of identity and strength, culture is a vital resource for empowering communities to participate fully in social and cultural life [...] Culture is a force for inclusion that is important for communities and individuals aspiring for more effective governance and increased cultural choices [...] The impact is especially important at the community level, where it can help empower individuals, improve living conditions and foster community-based economic growth.

This interest in cultural practice as a form of economic and social development was echoed in a report for the UNESCO Institute of Statistics by Hendrik Van Der Pol, who argued for the social benefits of embracing economic activity “at the crossroads of the arts, business and technology.” Practices such as art, craft and design, have a unique ability to combine market participation with social inclusion. This is not to say that art and culture should be monetarised or commodified. Rather it recognises that art and culture are already intertwined within broader economic and social systems, and indeed culture has become an important



factor in worldwide economic growth.

Art-based social enterprise also relates to a field of expanded practice in contemporary art, where art is increasingly positioned as post-media, relational, drawing upon a range of source materials and interested in process rather than outcome. In *A voyage on the North Sea': art in the age of the post-medium condition*, Rosalind Krauss describes contemporary art practice as "post-media," stemming from the impact of Conceptual Art of the 1960s, whereby the differences between traditional art media such as drawing and painting lost relevance. As a consequence, artists "have recourse to every material support one can imagine, from pictures to words to video to readymade objects to films."<sup>35</sup> This coincided with an increasing commodification of artistic experience where all materials, media, and even aspects of the art market itself become homogenised. In this context, she argues, "every material support, including the site itself – whether art magazine, dealer's fair booth, or museum gallery – will now be leveled."<sup>36</sup> Perhaps as a result of this homogenisation, the field of contemporary art practice now extends not only to material and processes, but also to economic form, with artists such as Takashi Murakami starting to use business as artistic media. In 2013 Murakami collaborated with the owners of a popular high-end café in Tokyo to launch Bar Zingaro, a cocktail bar, café and live artwork, where everything was for sale, from the elaborate cocktails to the ceramics on the shelves.<sup>37</sup> Social enterprise has the potential to re-orient the focus of contemporary art away from such obviously commercial motives, by privileging artistic and social goals alongside the quest for economic independence.

Social enterprise has developed with precisely this intention of attaining a greater independence from both market demands and government support, and this is where it is of interest to the arts. While the term "social enterprise" only started to be widely used from the mid-1990s, its origins can be traced back to the late 1970s and early 1980s co-operative movements in the UK and Europe, along with a different but parallel development in microfinance among developing economies.<sup>38</sup> Co-operatives have ranged from entirely non-profit, non-trading entities to for-profit workers' associations and banks and have been in existence for centuries. As the role of global markets expanded in the latter part of the twentieth century, along with the collapse of communism in many states, co-operative models and associations declined.<sup>39</sup> Meanwhile microfinance grew rapidly from a few small initiatives



including ACCION, a global fund which started in the US in 1961, the Self Employed Women's Association (SEWA) bank in India in 1972, and the Grameen Bank which was founded by prominent economist Muhammad Yunus in Bangladesh in 1976. The area of microfinance grew over the following decades into a large area of economic activity, funding the start-up of many social and private ventures in the developing world, however not without controversy. The collapse of many microfinance markets around the time of the global financial crisis in 2008 has been attributed to rapid and unregulated growth of the sector as a result of rampant profit-motives, rather than the alleviation of poverty.<sup>40</sup>

The emergence of social enterprise as a force links to this history of co-operatives and microfinance, while also responding to widespread cutbacks in government funding across Europe, the USA and Asia in the 1980s and 1990s. Comparing the emergence of social enterprise across seven regions and countries worldwide, Janelle A Kerlin writes, "The general theme underlying the emergence of social enterprise in all of the seven regions and countries is weak state social programs or funding, due to either the retreat or poor function of the state. The United States, Western and East-Central Europe, as well as South America all experienced, to differing degrees, a withdrawal of state support in the 1980s and/or 1990s."<sup>41</sup> Social enterprise developed from an interest in how the market might be used to address gaps in funding for social welfare and community services. With its strong basis in the non-profit sector, it tends to prioritise social and community goals over profit motives and in this way is connected to, but different from the microfinance industries. Indeed many social enterprises are not profit-making at all, combining multiple revenue streams to pursue their social objectives which include grants and donations. In a field review by New York's Seedco Policy Review, it was reported that of a random study of social enterprises conducted in 2001, the vast majority had lost money rather than making a profit. The report notes, "71% lost money, 5 percent broke even, and 24 percent turned a profit."<sup>42</sup> While such information might sound alarming, this is not necessarily a sign of flaws in the model. Instead, it demonstrates that most social enterprises focus on their social goals over financial returns, just as more conventional non-profits regularly post losses in their balance sheets. By bringing together income from many and various sources including trading activities, they have the potential to extend the potential survival of the traditional non-profit in a climate of low philanthropic and state giving.

## Issues in the field of art as social enterprise

It is important to be aware that in many examples of social enterprise, artists and beneficiaries may not be active agents in managing and setting the direction of the organisation. This is evident for example in social enterprises that manufacture in developing economies but where the artistic direction, retail and management of the business occurs in a way that is disconnected from the context of production, or NGOs focused on gap funding for their social welfare activities rather than income generation for the artists involved. Questions around the exploitation of labour, copyright of artist's work, and a condescending attitude to addressing poverty and disadvantage abound in this field.

In a study of social enterprises that work in communities experiencing poverty, Marie Lisa Decanay observes, "Social enterprises that engage the poor as passive beneficiaries have a tendency to foster subservience and dependency that may lead to a hardening of social exclusion."<sup>43</sup> A shift away from an attitude of benevolence to an emphasis on empowerment is evident in much advocacy in international development. Secretary General of the United Nations, Ban Ki-moon argues, "Africa does not need charity – Africa needs investment and partnership [...] Joining forces with civil society and private sector, including non-traditional players like the fashion industry, has become indispensable."<sup>44</sup> Jon Hugget, an advisor in the field of social enterprise, warns against the tendency to celebrate the heroic individual in philanthropy and social enterprise, which is often at the expense of valuing the collaborative work and efforts of the communities who are intended to benefit. He describes this in terms of a "meritocracy," arguing:

Meritocrats in government and philanthropy give support, contracts and capital to those they trust. Trustees are usually well-spoken and well-heeled. Awards ceremonies can show a hierarchy, with the great and the good at the top, the entrepreneur in the middle, and the 'beneficiaries' at the bottom.<sup>45</sup>

Instead, he suggests that social enterprise should embrace more of a ground-up approach, providing tools and opportunities to those who seek to benefit, rather than those who seek to help. In his words, "the best way to solve social problems was to give power to those with the problem, who are rarely meritocrats themselves."<sup>46</sup>

Images and stories that generalise experiences of hardship, difficulty and poverty have the potential to reinforce, rather than break down, the stigma that people face. In a study of the representation of working class communities in social history museums in Manchester and Edinburgh, for example, Elizabeth Carnegie observes this phenomenon as both “class tourism” and “dark tourism,” where visitors actively seek out “dark experiences.”<sup>47</sup> This raises a number of questions about the agency of those depicted:

Might a construction of the past and present of the higher socio-economic classes, which considered them victims of centuries of tragically, misguided capitalist views and visions be an acceptable reading for them? If not, is it any wonder that communities seek to protect themselves through trying to influence displays through the use of selective memory, or by actively not visiting? Is the social history museum in danger of replacing the monuments to the Empire through eroticising and exoticising the working classes under the guise of empowerment?<sup>48</sup>

Even with charitable intentions, such representation sets up people experiencing poverty as objects of attention, subject to empathetic viewing that presents a narrow view of their experiences and capacity. Another example is the phenomenon of “slum tourism.”

In “Urban Poverty, Spatial Representation and Mobility: Touring a Slum in Mexico,” Evelyn Dürr raises the example of church-led tours of a garbage dump in Mazatlán, Mexico, where middle-class tourists meet local people who work in the dump. While the ambition of the church is to raise awareness of poverty, and potentially improve the circumstances of local workers, the touristic dimension has the potential to reinforce class divisions and negative stereotypes, and in fact depends on the continuing poverty of the garbage dump workers. Dürr explains:

Slum tours rely on the urban experience of marginalization, spatial segregation and social deprivation. This also bears the risk of perpetuating stereotypes and preserving the slum as a themed space, displaying scenes and images in order to match the tourists’ expectations. More often than not, vulnerable poor have few options and hardly any voice in these processes.<sup>49</sup>

The issue is not the motivation to create beneficial outcomes for

the workers engaged in collaboration, but rather that the mode of representation reinforces a structural division between those that can help, and those that need help.

While there is much interest in the potential of social enterprise to successfully address community needs such as employment and vocational training, there is an equal amount of concern about the risk of failure, both in terms of the failure of social ventures to achieve social goals, and financial failure. It is therefore surprisingly difficult to find data relating to the failure rates of social enterprises. One study that looked at this issue was conducted in Sweden in 2013. Comparing the entry and exit rates of social enterprises with mainstream business in Sweden and also Spain, the researchers found that while there is great uncertainty about the field due to the newness of many ventures, there was clearly a greater movement of start-ups and exits in the field compared to mainstream business. They write, "Death rate statistics are worse for SEs but simultaneously birth rates tend to be even higher for social ventures. Thus, exit and entry rates showed that still there is no maturity in the field."<sup>50</sup>

Most social enterprise literature avoids the topic of failure rates, referring only to general failure rates for business start-ups, and there is virtually no international empirical data to draw from. The most comprehensive data set on enterprise activity is compiled by the Global Enterprise Monitor, which records a variety of statistics on entrepreneurship, including social entrepreneurship, around the world. The closest the GEM comes to recording failure rates is measuring individual entrepreneurs' perceived "fear of failure," along with factors for individual discontinuation from social enterprise, however there is no aggregate data to show the percentage of social enterprises that are closing or exiting the market.<sup>51</sup> A typical report on social enterprise start-up will refer to mainstream business start-up success and failure rates, rather than specific information about social enterprises.<sup>52</sup> This lack of attention to the reality of social enterprise development is linked to funding imperatives, which highlight success and social impact over practice-led issues. Jonathon Lewis observes this blind-spot in an article in the Huffington Post titled "Are Social Entrepreneurs Failing to Fail?" where he writes:

Organisational failures are mostly unwelcome at social change conferences [...] Social sector transparency is extolled, expected and even applauded, but rarely rewarded. Few funders will fund failure the second time.<sup>53</sup>

This points to the need for research that critically evaluates the problems, as well as successes, in the field of social enterprise.

## 2. Findings from pilot study on sustainability and management of art-based social enterprises

There is a strong framework that supports the case for art-based social enterprise in the context of both rising poverty and decreasing public funding for the arts. This has been an area of rapid growth locally and internationally over the last 5-10 years. However, despite all the promise, such enterprises have multiple and potentially conflicting institutional demands, logics and thus high organizational complexity.<sup>54</sup> The potential for the model to achieve these goals depends on their ability to manage the tensions between their artistic, social and financial objectives.<sup>55</sup> If this is not managed appropriately, there is also potential to do harm. While the creative and cultural sector holds great potential for improving social and economic capacity for those experiencing disadvantage, it is widely recognised that there is also potential for harm in a top-down, interventionist approach to arts in community development.<sup>56</sup> Social policy theorist Martin Mowbray describes short-term initiatives in community development as, “cynically conceived, cut-rate, short-term, boosterist programmes located on the fringes of government.”<sup>57</sup> It remains to be seen, therefore, whether the social enterprise model is an appropriate form to provide cultural and social value in the arts.

This section of the report brings together art theory with organizational management theory to look at how art-based social enterprises manage the tensions between their artistic, social and economic goals. It presents preliminary findings from case studies of 14 organisations in both developing and developed countries. The study draws firstly upon a branch of organisational management theory known as “paradox” theory to investigate both the

nature and management of internal organisational tensions.<sup>58</sup> Secondly, we draw upon the complex systems approach along with value network analysis to explore how these organisational tensions relate to external stakeholders and systems.<sup>59</sup> This combined approach provides a more nuanced understanding of the relationships between artistic, social and economic goals, and offers insights into how these objectives can be pursued simultaneously. The findings reveal a number of strategies used to effectively address the complexity of art-based social enterprise activity.

Our research methodology involved a series of 14 in-depth interviews with managers of art-based social enterprises, in three developed (Australia, US and UK) and three developing countries (Cambodia, Uganda and Ghana), to investigate the nature of the tensions and the ways in which they were managed. To enable cross-case comparisons, we selected organisations with similar social objectives. Further, to better assess the suitability of the hybrid organisational form to provide social value we selected organizations with different financing models, ranging from full reliance on fundraising (donors), through mixed fundraising/ business activity funding, to institutions funded exclusively through business activities. We then selected one organisation, The Social Studio, to conduct an in-depth case analysis using complexity theory. This involved 13 interviews and a focus group with multiple stakeholders. The Social Studio is an art-based social enterprise that creates training and employment opportunities in fashion design for new migrant communities in Melbourne, Australia.

The thirteen international cases included Friends International, Keo'Kjay and Nyemo (Cambodia), Sseko, Mango Tree, Roses of Mbuya and Women of Kireka (Uganda), Dzidefo and Osei-Duro (Ghana), Reciprocity Foundation (USA), Mayamiko, Good One and Who Made Your Pants (UK). In relation to social objectives, most of the organisations had a focus on income-generation and employment for those experiencing poverty through the production and sale of creative products. Approximately half were also interested in pursuing goals such as health promotion and social welfare, for example addressing homelessness, domestic violence, and supporting HIV+ individuals and communities. One enterprise was pursuing environmental goals as their social mission (Good One). Those that were considered to have a high emphasis on their social mission tended to include a variety of support activities alongside their enterprise activity,

for example providing education and skills training, access to counselling, health services or other social programs. In relation to the artistic goals of the organisations studied, the majority of enterprises focused their creative activity around applied arts including handcraft, jewellery-making, fashion design and textile printing, however two also branched into media arts, graphic design and illustration (Mango Tree and Reciprocity Foundation). Those that were considered to have a high emphasis on artistic value emphasized artistic freedom and diversity, as opposed to for example manufacturing of the same items. In terms of the economic focus of the organisations, the majority had mixed sources of income, however about 25% were either entirely funded through philanthropy, or entirely self-supported through trading revenue. Those that were considered to have a higher emphasis on economic goals directed more of their resources toward either fundraising or enterprise activity. Many of the organisations had changed their funding models over time in response to multiple demands. Overall, key focal points were identified across all cases; in terms of artistic goals, focal points were quality and variety of art, intensity and freedom of art activities; in terms of social goals, focal points were empowerment, motivation and engagement of disadvantaged members of the community; and in terms of economic goals, the main focal point was cost.

## **Internal Tensions**

When we examined these organisations through a paradox theory lens, we found that all 14 enterprises experienced tensions between the three objectives. Following are some examples of these tensions. Common tensions between artistic and economic goals included a conflict between the need for reproducibility and commercial quality in order to generate economic return, and the values of artistic uniqueness, diversity of creative work and artistic freedom. Another tension was the conflict between the idea of art as a personal, unique experience and the homogenising effect of monetary value. One interviewee described, for example, “art is so subjective so if you are pursuing fashion as art and design, then it’s really hard to put a monetary value on that.” Indeed, some artists had such a profound personal connection to the artistic process that they didn’t want to sell the work at all. Tensions between economic and social goals often related to allocation of human resources and priorities of time. A focus on economic productivity and efficiency, for example, regularly came into conflict with the need to provide flexibility and a supportive environment for employees experiencing high



levels of disadvantage. One interviewee explained, "Everyone loves the relaxed atmosphere but it can be a great impediment to getting work done and that sometimes can be frustrating." As a training provider explained, "to put three people through a certificate course does take a lot of effort and time and that is probably an issue, if you went back to pure financials you may not do that." A typical tension between artistic and social goals was the excitement and motivation of artistic practice reducing time, interest and resources for pursuing social goals. As one interviewee explained, "this artistic thing that they do that is really a driver for them, it absolutely trumps everything else."

An unexpected finding was that some of the tensions were greater in those models that were either entirely for-profit, or entirely funding-dependent. As a result, a number of organisations simplified their models over time and dropped focus on one of their goals. Reciprocity Foundation, for example, reduced their focus on enterprise activity in order to support social and artistic goals, while Keo'Kjay reduced focus on artistic and social goals in order to pursue economic growth. Such changes in organisational structure had the potential to do harm, for example disappointing expectations regarding employment by downsizing enterprise activity, or reducing creative opportunities for staff and participants, thereby reducing motivation and other flow-on benefits. The hybrid-funding model, in this sense, was better equipped to enable greater flexibility to simultaneously pursue the multiple objectives of art-based social enterprises.

Comparing the 14 cases, we also found that a number of the organizational tensions could also be viewed as synergies. For example, a higher focus on artistic value sometimes resulted in higher economic value of artistic products, due to the time, care and creativity invested in the work. Similarly, a higher economic value attributed to products enabled greater resources and time for artists to make work. Another synergy was found when a high focus on social goals led to greater commitment and motivation of staff, leading to higher productivity. Customer loyalty was also positively correlated with a high focus on social goals, suggesting that customers are attracted to enterprises that prioritise social value. One interviewee explained, "people would buy an article from there because of the story that's associated with it, not because of the value..." A higher social focus can also result in greater artistic value, due to the motivating effects of working with others. As one interviewee described, "That social aspect can also feed the art and design as well and somebody to talk through ideas with... what I see is more that they go well together."



In some cases, a higher economic focus resulted in greater motivation and sense of achievement for staff and participants, due to the sense of positive audience reception and increased work opportunities. One interviewee explained, “having to factor in money in this kind of social entrepreneurial business is part of what makes it a great place too because it has to force creativity and everything needs to exist in this one model and there is a lot of reflection about how to do that and the best possible way.” In this sense what might otherwise appear to be conflicts that might hamstring the organisation could also be perceived as productive factors that lead to better outcomes across all fields of endeavour the enterprise is engaged in.

At the same time, across all 14 organisations it was evident that the three logics – art, social and economic –operate in an interrelated, complex network, a fundamental characteristic of complex systems.<sup>60</sup> One of the limitations of paradox theory is that it tends to view an organisation from an internal perspective only, leaving out a large part of its operating environment. We also examined, therefore, our data set from the perspective of complex systems theory in order to understand how the organisations related to their pressures of their external stakeholders,

## **External Context**

One of the major contexts for the organisations we studied is the art market – which is comprised of collectors, dealers, auction houses and private galleries, amongst others – and which conjoins artistic and economic logics by placing an economic price on a piece of art that reflects a market constructed evaluation of the piece’s artistic value. The artistic monetary value, however, is subject to distortion due to the actions of certain players emphasising the economic logic and using “questionable practices... and price manipulations.”<sup>61</sup> The economic value may also conflict with the artistic value, as per the case of the anti-fashion of punk. Punk has become part of mainstream clothing design; however, it was originally intended as a destruction of fashion both at the literal level, through the defacement and damaging of garments, and at the symbolic level due to its anarchistic attitude and often blasphemous messaging.<sup>62</sup> The artistic value of fashion, which is often seen to be embodied by originality and the cult of the rare or bespoke clothing item, is further complicated by the relentless appropriation of high design by the mass market and the widespread practice of copying of labels and designs. Something of high artistic value can begin with a low price, as in

the case of punk, where a work of fashion can gravitate from a worthless torn and defaced shirt in a London night club to haute couture runway piece and vice versa.

The art and economic aspects of art enterprises are also related to the social sphere. For example, creative practices such as art, craft and design have a unique ability to generate social inclusion for disadvantaged individuals and communities, including flow-on effects such as employment creation, skills training and individual capacity development.<sup>63</sup> This ability of art to generate social inclusion can conflict with artistic and economic logics, both of which will depend on the institutionalized market that attains both artistic and economic value from the art created in the process of social inclusion generation.

As we can see from this very brief overview of the external climate in which enterprises function, organizational tensions in art-based social enterprises are in reality embedded within an external environment of complex systems involving numerous stakeholders.<sup>64</sup> These systems hold the key to knowledge about the causes of organizational tensions. Hence, any solutions proposed without this knowledge are likely to address the symptoms and not the causes of the problem. Consequently, we complemented the paradox approach with a complex adaptive systems (CAS) perspective. A complex adaptive system is a neural-like dynamic network of interconnected agents whose actions and feedbacks create emergent properties of the system that as a result cannot be explained by analysing its parts.<sup>65</sup> A complex adaptive system is "a system formed by a set of participants interacting with each other and co-evolving, continuously redefining their future situation."<sup>66</sup>

While each art organisation may be viewed as a focal system, they exist within higher-level art, social and economic systems with a range of different stakeholders attached to each. Additionally, each organisation contains sub-systems of constellations of internal stakeholders and individuals. For this part of the study, we conducted interviews and focus groups with multiple stakeholders of one enterprise, The Social Studio. We used a Value Network Analysis to map the complexity of the tensions involved and provide potential guidance as to how they can be best navigated.<sup>67</sup> We considered the relationships between goals, activities and stakeholders, both internal and external, and brought these findings together with the paradox analysis to provide a more comprehensive analysis of how art-based social

enterprises manage their multiple and at times conflicting logics.

When we looked at the tensions revealed in the first part of the study from this combined perspective, we found that external stakeholders play a role in both creating and addressing tensions. For example, supportive funders who understand the multiple goals of such organisations can alleviate the tension between social and economic goals by funding social programs. In the case of the tension between artistic and economic goals created by the demands of the commercial market, this can also be alleviated when niche audiences are targeted for the sale of highly individualised, ethical and unconventional works. In terms of the management of tensions, we discovered five key strategies. We found a number of response strategies were often enacted that drew upon each of the three logics (art, social, and economic) simultaneously.

Firstly, risk-taking, experimentation and innovation were crucial in the early stages of development of art-based social enterprises, and this was recognised by both internal and external stakeholders. An internal stakeholder explained, “there is a tension between the risk-takers, just even in the day-to-day management, and one or two individuals who like to pull back. [...] We are competing in a huge marketplace of groups, and how do we differentiate ourselves? [...] I think that the pushing the envelope strategy from the top down has differentiated us.” An external stakeholder similarly explained, “It’s about backing good people, and it’s also about a preparedness to take risks, because you don’t know that it is actually going to work.... They’re hard businesses to run... when they sit in the social/commercial space.” Strategies involved a constant search for new markets and products, and innovative ideas for production and design aimed at increasing the level of creativity among the employees.

Secondly, a slow pace of development enabled greater opportunity for exploration and experimentation, enabling a nuanced approach to resolving issues as they arose and reflecting on areas that were not successful. Around 75% of the enterprises studied had slowly developed and refined the model over a number of years. In contrast, the companies that opted for faster growth tended to stay with one activity or idea for a long period of time and were not actively looking for innovations.

Thirdly, we found the idea of “aggregation” to be a successful strategy for the management of tensions. Organisations that

combined the multiple strengths of all three goals were better placed to manage conflict between their goals. For example, a typical aggregative strategy was to market the artistic uniqueness of the products, along with the social goals of the organization, to increase the economic value of the items sold. One interviewee explains this aggregative view, describing “it’s that translation of the creative into the business environment and people having a skill set they didn’t have before and employability and all sorts of things...”

Fourthly, targeting different funding sources to support different goals was a successful strategy for addressing economic tensions. Some examples of this strategy were sourcing art funding to support artistic practice, philanthropic funding to support educational goals and commercial revenue to support employment objectives. A mixed funding model provides more opportunities to develop the social benefit potential of the organisation because reliance on one type of stakeholder tends to increase tensions between social and financial missions in fully fundraising-funded and business activities-funded organizations.

A fifth and final strategy that proved important in managing organisation tensions was a strong focus on mission and emphasis on the overall goals of the organisation. A specifically defined social mission prompted enterprise to take risk and helped to ease the tensions through guiding the selection of appropriate activities and markets. When this was emphasised at both an external and internal level, tensions were better addressed. As one external stakeholder described, “To run anything well you’ve got to run it on sound principles.” Another explains, “There are always going to be tensions and issues that arise that you do not foresee and you cannot plan for. What principles do you have in place to address them?” Enterprises that did not allow compromises on their social missions displayed more creativity, innovation, risk acceptance and proactivity, as opposed to those that used strategies such as employing less disadvantaged people or restricting the amount of products that poor employees could sell.

The results of this study shift focus away from an interest in simply measuring social impact, which is the dominant mode of social entrepreneurship research, toward offering insights into how hybrid arts organisations simultaneously advance multiple goals and navigate the tensions that arise. We have discovered that some of the difficulties faced by art-based social enterprises are related, in part, to the perception of external stakeholders:

There will be and there is always is in the arts a tension between what is the value of what you are doing and what does it contribute, it sits within that sort of spectrum. It has an added complexity because of the client group that you they are seeking to benefit... You often hear those sorts of conversations that they are mutually exclusive things but I just don't think in this day and age that they can be. (Social Funder)

External stakeholders are also involved in managing and releasing tensions. At a theoretical level we have shown the benefit of approaching the field of social enterprise, and arts-based community development, with an understanding of the complexity of the field. As one interviewee described:

I like the use of the word complexity. We live in an age where complexity almost seems like a dirty word. Everyone is striving for the 30-second grab and the one line answer to a whole range of really difficult issues. In a sense, reclaiming complexity is a good thing and we shouldn't shy away from it.

Furthermore, we found that successful management strategies often involved elements of all three organisational logics – art, social and economic – combined. In conclusion, managing art-based social enterprises involves more than just managing tensions. It requires skilful navigation of a complex system of stakeholders and the elements of three organisational logics connected into a dynamic network of tensions, synergies and interpersonal relationships.

### 3. DIRECTIONS FOR FUTURE RESEARCH

An important future research direction involves deep qualitative research that facilitates the voice and perspective of the beneficiaries of art-based social enterprises. Qualitative data is crucial to improving the sector's understanding of the lived complexity, experience and social impact of such enterprises for their beneficiaries. Due to the inherent problems of power imbalances between those who manage and fund social enterprises and those who stand to benefit from them, we propose a new methodology for qualitative research in this area, drawing upon the model of "emancipatory research" as outlined by John Baker, Kathleen Lynch, Sara Cantillon and Judy Walsh. This model involves a reciprocal, egalitarian collaboration between researchers and groups experiencing marginalisation or disadvantage, enabling the subjects of research to "exercise ownership and control over the generation of knowledge produced about them and their world." In the case of art-based social enterprises, we propose that this would involve artists, employees and trainees being involved as peer-researchers in designing and conducting qualitative research, including the co-design of surveys, focus groups and interviews, conducting the research and directing research outputs. Not only will this lead to data that is relevant to the experience of practitioners in the field of social enterprise, it will also enable professional development opportunities for participants, addressing issues of social inequality within the research project itself. It will also facilitate an engaged process of translating research into outcomes for those who stand to benefit.

This will involve close collaboration from the outset with individual staff and participants in the partner organisations prior to the commencement of the data gathering stage, to discuss the kinds of priorities and impacts that it is felt important to measure. Once those priorities and impacts are confirmed, staff and participants will be asked to collaborate on measuring social impact through interviews, focus groups and surveys, financial data-collection and organizational measures of effectiveness and sustainability. A further methodological consideration in such precarious and funding-reliant organisations is the issue of transparency and trust

in revealing problems, failure and tensions due to the important role provided by external stakeholders. Access to operational and financial data needs to be negotiated with each organisation on an individual basis, taking into consideration for example requests for de-identification of participants.

The aim of such a collaborative research methodology is to empower individuals experiencing marginalisation and/or disadvantage to have a greater voice and share of power in measuring the impact of social enterprise, while also empowering staff and managers from social enterprises to evaluate and critically examine their success in a way that is relevant to their social purpose and key stakeholders.

## Notes

1 As John Lloyd argues, "capitalism... is both outside of and within us, giving its present forms the aura of inevitability." In "Human Capital," *Financial Times*, Feb 23/24 2013, p.11

2 Justin O'Connor, with Stuart Cunningham and Luke Jaaniste, *Arts and creative industries: A historical overview; and an Australian conversation*, (Sydney, Australia: The Australian Council for the Arts, 2011), p. 68.

3 O'Connor, et. Al., *Arts and Creative Industries*, op. cit., p. 75

4 See Burton Weisbrod, "The Future of the Nonprofit Sector: Its Entwinning with Private Enterprise and Government," *Journal of Policy Analysis and Management*, vol.16, no. 4 (1997), p. 552

5 As Weisbrod argues "The growth of nonprofit sectors throughout the world is thrusting nonprofits into the central debate over the organisation of society." In *"The Future of the Nonprofit Sector,"* op. cit., p. 552

6 Paul J. DiMaggio, ed., *Nonprofit Enterprise in the Arts: Studies in Mission and Constraint*, (New York, USA: Oxford University Press, 1986), p.12.

7 Kylie Eastley, "Learning from Branching Out; An exploration of Social Enterprise in the Tasmanian Arts Sector," Tasmanian Regional Arts 2012.

8 See Heerad Sabeti, "The Emerging Fourth Sector," (Washington, USA: Fourth Sector Network Concept Working Group, 2009). Sabeti describes "Pioneering organizations have emerged with new models for addressing societal challenges that blend attributes and strategies from all sectors." (p. 1)

9 Australian Council of Social Service, 2012

10 "Facts and Figures: Poverty, Homelessness, Social Enterprise", a report issued by The Big Issue Australia, viewed August 2011, [www.thebigissue.org.au](http://www.thebigissue.org.au)

11 See M Tina Dacin and Peter A Dacin, "Social Entrepreneurship: A critique & future directions," *Organization Science*, March 23 (2011)



12 Jo Barraket, Nick Collyer, Matt O'Connor and Heather Anderson, "FASES: Finding Australia's Social Enterprise Sector," (Queensland, Australia: Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology, 2010); and "No More Business as Usual: A Social Enterprise Manifesto" (London, UK: Social Enterprise Coalition, 2010)

13 David Floyd, "Mythbusting: there are 68,000 social enterprises in Britain," *The Guardian*, 21 January 2013, accessed <http://www.theguardian.com/social-enterprise-network/2013/jan/21/mythbusting-social-enterprises-68000-uk>, viewed 5 March 2013

14 Siri Terjesen, Jan Lepoutre, Rachida Justo and Niels Bosma, "Report on Social Entrepreneurship: Global Entrepreneurship Monitor," (London, UK: Global Entrepreneurship Research Association, 2012)

15 Slavoj Žižek, "First as Tragedy, Then as Farce," *RSA Animate Lecture [transcript]*, 24 November 2009, accessed [http://www.thersa.org/\\_\\_data/assets/pdf\\_file/0008/1533626/RSA-Lecture-Slavoj-Zizek-transcript.pdf](http://www.thersa.org/__data/assets/pdf_file/0008/1533626/RSA-Lecture-Slavoj-Zizek-transcript.pdf), viewed 10 October 2013

16 Žižek, "First as Tragedy, Then as Farce," op. cit.

17 See "No More Business as Usual: A Social Enterprise Manifesto" (London, UK: Social Enterprise Coalition, 2010)

18 See Ans Kolk, Miguel Rivera-Santos & Carlos Rufin, "Reviewing a Decade of Research on the 'Base/Bottom of the Pyramid' (BOP) Concept," *Business & Society*, vol. 53, no. 3 (January 2013)

19 In "The People's Business: The State of Social Enterprise 2013," (London: Social Enterprise UK, 2013), p. 32

20 Siri Terjesen et. al., "Report on Social Entrepreneurship: Global Entrepreneurship Monitor," op. cit.

21 Jacques Ranciere, "The Ethical Turn of Aesthetics and Politics," *Aesthetics and Its Discontents*, (Cambridge, UK; Malden, USA: Polity Press, 2009), p. 132

22 Niklas Luhmann, *Art as a Social System, Meridian, Crossing Aesthetics*, (Stanford, USA.: Stanford University Press, 2000), p. 24.

23 David Throsby, *Economics of Cultural Policy*, (New York, USA: Cambridge University Press, 2010), p. 236. This precaution was echoed by Paul DiMaggio in the 1980s, who warned, "If nonprofit cultural organisations are to continue to provide alternatives to mass media in the face of economic constraint, cultural policy makers must nurture fiscal environments that enable such organisations to pursue missions that are distinctive in substance as well as in rhetoric." See DiMaggio, *Nonprofit Enterprise in the Arts*, op. cit., p. 12

24 Victoria Alexander, "Monet for Money? Museum exhibitions and the role of corporate sponsorship", in Rosanne Martorella, ed., *Art and Business: An International Perspective on Sponsorship*, (Westport, Connecticut: Praeger, 1996), p. 220

25 See *Deloitte Art and Finance Report*, (Luxembourg: Deloitte and ArtTactic, 2013)

26 *Deloitte Art and Finance Report*, op. cit.

27 *Deloitte Art and Finance Report*, op. cit.

28 See *Deloitte Art and Finance Report*, op. cit.

29 See Julia Halperin, "US arts funding hit record low in 2011," *The Art Newspaper*, 24 September 2013, accessed <http://www.theartnewspaper.com/articles/US-arts-funding-hit-record-low-in-/30445>, viewed 5 December 2013

30 See Ryan Stubbs, "Public Funding for the Arts: 2012 Update," *Grantmakers in the Arts Reader*, vol. 23, no. 3 (Fall 2012)

31 "Responding to the crisis with culture: Towards new governance & business models for the cultural sector", *Policy Debate Report*, 5 July 2013, (Brussels, Belgium: ENCATC), accessed [http://encatc.org/pages/fileadmin/user\\_upload/2013/Policy\\_Debate\\_Report\\_2013.pdf](http://encatc.org/pages/fileadmin/user_upload/2013/Policy_Debate_Report_2013.pdf), viewed 5 December 2013

32 See "AbaF Survey of Private Sector Support: Measuring Private Sector Support for the Arts in 2009-10," (Sydney, Australia: Australia Business Art Foundation (AbaF) and Australia Council for the Arts, 2011)

33 Angela McRobbie writes, "I would like to propose a

renewal of radical social enterprise and co-operatives. Such self-organised collectives would also be a way of providing comparable working structures across diverse occupations such as social workers/community workers and artists.”(In Angela McRobbie, “Re-thinking Creative Economy as Radical Social Enterprise,” *Variant*, Issue 4 (Spring 2011) p. 33)

34 In “Creative Industries as Mass Deception,” *Critique of Creativity: Precarity, Subjectivity and Resistance in the ‘Creative Industries,’* eds. G Raunig, G Ray and U Wuggenig, (London, UK: MayFly Books, 2011), p. 199

35 Rosalind Krauss, ‘*A voyage on the North Sea*’: *art in the age of the post-medium condition*, (London, UK: Thames & Hudson, 2000), p. 1. See also Nicolas Bourriaud, *Relational aesthetics*, (Paris, France: Les presses du reel, 2002)

36 Krauss, ‘*A voyage on the North Sea*,’ 2000, op. cit. p. 15

37 Toby Cecchini, “Culture Klatch,” *The New York Times T Magazine*, 5 March 2013, accessed <http://tmagazine.blogs.nytimes.com/2014/03/05/food-matters-culture-klatch/?gwh=B8DEE55E8439D40249FE9007C242ACFB&gwt=pay>, viewed 2 April 2014

38 Raymond Dart writes, “Although some scholars discussed non-profit commercial ventures in the early 1980s, social enterprise and social entrepreneurship emerged only in the late 1990s.” In “The legitimacy of social enterprise,” *Nonprofit Management and Leadership*, vol. 14, no. 4 (Summer 2004), p. 421, pp. 411-424

39 For discussion of the role of cooperatives in Europe and the link to social enterprise, see Carlo Borzaga & Giulia Galera, “The concept and practice of social enterprise. Lessons from the Italian experience,” *International Review of Social Research*, vol. 2, no. 2 (June 2012), pp. 95-112

40 See Marek Hudon and Joakim Sandberg, “The Ethical Crisis in Microfinance: Issues, Findings, and Implications” *Business Ethics Quarterly*, vol. 23, no. 4 (October 2013), pp. 561-589; and Yilmaz Bayar “Future of microfinance in light of the recent crises in major microfinance markets,” *Social Business*, vol. 3, no. 3 (2013), pp.243-249

- 41 In "A comparative Analysis of the Global Emergence of Social Enterprise," *Voluntas*, no. 21 (2010), pp.162-179, p. 167
- 42 "The Limits of Social Enterprise: A Field Study & Case Analysis," (New York, USA: Seedco Policy Center, 2007)
- 43 In "Social Enterprises and the Poor" (Copenhagen, Denmark: Copenhagen Business School, 2012), p. 347
- 44 Suzy Menkes, "Rebranding Africa," *The New York Times*, 14 May 2012, accessed [http://www.nytimes.com/2012/05/15/fashion/15iht-fafrica15.html?\\_r=1&smid=tw-share](http://www.nytimes.com/2012/05/15/fashion/15iht-fafrica15.html?_r=1&smid=tw-share), viewed 2 March 2014
- 45 Jon Hugget, "Social enterprise and meritocracy: watch out for the blindspots" *The Guardian*, 19 October 2012, accessed at <http://www.theguardian.com/social-enterprise-network/2012/oct/19/three-blindspots-social-enterprise-meritocracy>, viewed 13 March 2014
- 46 Hugget, "Social enterprise and meritocracy," op. cit.
- 47 See Elizabeth Carnegie, "'It wasn't all bad': representations of working class cultures within social history museums and their impacts on audiences," *Museum and Society*, vol. 4, no. 2. (July 2006), pp. 69-83
- 48 Carnegie, "'It wasn't all bad'", op. cit., p. 73
- 49 Eveline Dürr, "Urban Poverty, Spatial Representation and Mobility: Touring a Slum in Mexico," *International Journal of Urban and Regional Research*, vol 36, no. 4 (July 2012)
- 50 Giorgi Jamburia, "Sustainability of Social Enterprises: A Case Study of Sweden," (Stockholm, Sweden: KTH Industrial Engineering and Management, 2013), p. 28
- 51 See *Global Entrepreneurship Monitor*, accessed at <http://www.gemconsortium.org/>, viewed 26 March 2014.
- 52 This is evident in "Making Social Ventures Work," a report issued by the Harvard Business Review, which observes: "The failure rates for new companies and markets [...] are high. That is true anywhere in the world." In J Thompson and I MacMillan, "Making Social Ventures Work" *Harvard Business Review*,

(September 2010); see also "The Limits of Social Enterprise: A Field Study & Case Analysis," New York: Seedco Policy Center, 2007

53 Jonathon Lewis, "Are Social Entrepreneurs Failing to Fail?" *The Huffington Post*, 8 February 2013, accessed [http://www.huffingtonpost.com/jonathan-lewis/are-social-entrepreneurs-1\\_b\\_2646308.html](http://www.huffingtonpost.com/jonathan-lewis/are-social-entrepreneurs-1_b_2646308.html), viewed 2 March 2014

54 Jay, J. (2013). 'Navigating paradox as a mechanism of change and innovation in hybrid organizations'. *Academy of Management Journal*, 56(1), 137-159.

55 See Throsby, *Economics of Cultural Policy*, op. cit.

56 Ben Davis, "A critique of social practice art: What does it mean to be a political artist?" *International Socialist Review*, Issue no. 90 (July 2013), accessed <http://isreview.org/issue/90/critique-social-practice-art>, viewed 5 October 2013

57 Martin Mowbray, "Community Capacity Building or State Opportunism," *Community Development Journal*, July 2005, p. 264

58 Smith, W. K. and Lewis, M. W. (2011). 'Toward a theory of paradox: a dynamic equilibrium model of organizing'. *Academy of Management Review*, 36(2), 381-403

59 Smith, W. K. and Lewis, M. W. (2011). 'Toward a theory of paradox: a dynamic equilibrium model of organizing'. *Academy of Management Review*, 36(2), 381-403; Axelrod, R. and Cohen, M. D. (2008). *Harnessing complexity*. New York: Basic Books; Peppard, J. and Rylander, A. (2006). 'From value chain to value network: insights for mobile operators'. *European Management Journal*, 24(2/3), 128-141. We would like to thank Krzysztof Dembek and Ben Neville for drawing our attention to this literature.

60 Mittal, S. (2013). 'Emergence in stigmergic and complex adaptive systems: a formal discrete event systems perspective'. *Cognitive Systems Research*, 21, 22-39

61 Paumgarten, N. (2013). Dealer's hand: why are so many people paying so much money for art? Ask David Zwirner, *New Yorker*

62 Davis, F. (1992). *Fashion, culture and identity*. Chicago: University of Chicago Press; and Hebdige, D. (1979). *Subculture: the meaning of style*. London: Routledge.

63 Bokova, I. (2013). The power of culture for development: economic cooperation and development review: UNESCO

64 Smith, W. K. and Lewis, M. W. (2011). Op. cit

65 Axelrod, R. and Cohen, M. D. (2008). Op. cit

66 Dominici, G. and Levanti, G. (2011). 'The complex system theory for the analysis of inter-firm networks: a literature overview and theoretic framework'. *International Business Research*, 4(2), p. 32. CAS are complex in that they are a network composed of a high number of interconnected and interdependent agents, all existing and operating at multiple levels, and with substantial interactions with the external environment. They are adaptive in that proactive individual and collective behaviour adapts and self-organises in response to environmental change. Reminiscent of Giddens (1984) structuration theory, the system and individual agents co-evolve: the system provides some constraints upon agent behaviour, yet the agents modify the system through their interaction with it.

67 Peppard, J. and Rylander, A. (2006), op. cit.





MELBOURNE  
SOCIAL EQUITY  
INSTITUTE