Evaluation of White Box Enterprises (Pilot Project)

Final Report

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CENTRE *for* SOCIAL IMPACT

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CONTENTS

Centre for Social Impact Swinburne

The Centre for Social Impact (CSI) Swinburne is a multi-disciplinary research and graduate education centre based at Swinburne University of Technology. Our research contributes to positive social change by improving the systemic and organisational conditions that inform policy and practice. CSI Swinburne contributes to Swinburne University of Technology's mission to create social and economic impact through science, technology, and innovation. We form part of the national CSI network; a partnership between the University of New South Wales, University of Western Australia, and Swinburne University of Technology.

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Executive Summary

In Australia, young people have persistently experienced high levels of unemployment, underemployment and long-term unemployment, well above the national averages. Young Australians are also currently being disproportionately affected by the COVID-19 pandemic-induced job losses.

The White Box impact project, launched in 2019 by White Box Enterprises (White Box), is committed to creating 5,000 meaningful jobs by 2030 for young people experiencing disadvantage, by building and replicating large-scale social enterprises. The White Box model – selecting employment-focused social enterprises as a vehicle to generate job outcomes – seeks to build and grow an employment-focused social enterprise ecosystem and enable large-scale systems change. There are three integrated components in the model: Demonstration, Advocacy, and Leadership.

This report presents research and key findings of the evaluation of the pilot year of the White Box impact project, conducted by the Centre of Social Impact Swinburne at Swinburne University of Technology.

Following a developmental evaluation approach, this evaluation sought to identify the core elements and development of the White Box model, as well as the progress of the pilot year operation. Analysis was based on: secondary project data provided by White Box; primary data collected from 19 interviews with representatives of White Box, funders, participating social enterprises and government; and an online survey of 14 direct beneficiaries from social enterprises White Box supports.

The evaluation found that the pilot project has been successful in meeting most of its goals. The key evaluation findings are as follows.

The five key achievements

- *Creating new social enterprises*: Hotel Housekeeping Ltd, Australian Spatial Analytics (ASA), and Spring Services Group, were all established by White Box during the pilot year.

- *Creating meaningful jobs*: White Box has helped create 97 jobs for young people experiencing disadvantage in Queensland by July 2020.

- *Replicating and supporting social enterprises*: White Box helped support Jigsaw, Mantua Sewing Studio, Bertonni, Good Cycles, and World's Biggest Garage Sale, through various mechanisms, such as funding, space, networks, and capacity building support.

- *Building partnerships*: Diverse partnerships were formed (Table 3) and contributed significantly to White Box's success in the pilot.

- *Building infrastructure systems at White Box*: White Box has developed the governance, operating structures and processes essential to the organisation, within the first year.

Identified fundamentals of the White Box model

- Job creation for young people experiencing disadvantage is central to the White Box model.
- White Box is playing an active role in building the ecosystem for the employment-focused social enterprise sector.
- Business sensibility is strong and central to White Box's operations.

- White Box has taken a hands-on approach to incubate and build its own businesses, and support and help other social enterprises.
- Demonstration, advocacy and leadership, which are the three core components of the White Box model, are stated fundamentals and have been realized during the pilot phase.

Factors affecting success

A range of enabling factors that have worked in the model were identified by evaluation respondents:

- Providing wrap-around support to strengthen social enterprise businesses.
- The skillsets, expertise and experience of the White Box team, and the extended group of people who provide intellectual guidance and technical support.
- The pipeline assessment process that guides White Box to screen business opportunities.
- Trust building in relationships and partnerships.
- Leveraging and sharing networks.
- Engagement with government.

While there was no account of anything not working from interviewees' perspectives, some challenges and barriers experienced by White Box during the pilot were identified:

- White Box's capacity to achieve more is limited by its access to funding.
- White Box is experiencing common business challenges as every other business.
- Working effectively with government presented challenges.
- The impact of the COVID-19 pandemic on White Box's operation is significant.

Potential refinements to the operation in the next phase

Funders and supported social enterprises prized the White Box model and its success in the pilot. However, there is room for enhancement as the model and operation matures. Refinements could include:

- Finding the balance between continuing to do things well and expanding fast.
- Developing and communicating the risk profile.
- Measuring and communicating the impact beyond job numbers.
- Sharing good practice with social enterprises and mainstream businesses.
- Reinforcing the ecosystem growth strategy.
- Adopting long-term thinking in a rapidly changing world.

1 Introduction and Background

White Box Enterprises (White Box) commissioned the Centre for Social Impact (CSI) Swinburne in April 2020 to undertake an independent evaluation of the pilot phase of the White Box social impact project. Named after the White Box Eucalyptus tree, a winter honey and pollen tree for local beekeeping, White Box exists to "provide much-needed pollen to social entrepreneurs working to create jobs for disadvantaged Australians" (White Box, 2020a). The White Box initiative aims to create 5,000 meaningful jobs for young Australians experiencing disadvantage by 2030, by building and

"We believe in a world where all business should be social."

- White Box Enterprises

replicating large-scale social enterprises. The CSI Swinburne evaluation team was tasked to examine the White Box model: whether and how the model has worked; what has been achieved during the pilot phase; and learnings for improvement and refinement of the initiative. This report outlines the evaluation approach and presents key findings, drawing from a desk review of project documents and international evidence, semi-structured interviews with key internal and external stakeholders of the project, and a feedback survey administered to some direct beneficiaries working with social enterprises that White Box supports.

Established in 2019, the White Box impact project identifies employment-focused social enterprises[1] as a vehicle to create 5,000 jobs for young Australians experiencing disadvantage. Despite relatively low national unemployment rates in the years prior to the COVID-19 pandemic, the unemployment challenges faced by young people (aged 15-24) are stark. Prior to COVID-19, youth unemployment in Australia was around double the rate of unemployment in the wider population (Table 13 and Table 18, ABS, 2020a). Young people are being disproportionately affected by COVID-19 generated unemployment. The latest release of the payroll jobs index (Table 4, ABS, 2020b) showed that between the week ending 14 March 2020 (when Australia recorded the 100th confirmed COVID-19 case) and the week ending 25 July 2020, payroll jobs worked by people aged under 29 decreased by 8%, well above the average 4.5% fall across all ages and higher than any other age groups except those aged 70 years and over.

A rich body of work documents the benefits of employment, extending from economic gains to greater health and wellbeing (Waddell & Burton, 2006; Modini et al., 2016; Broom et al., 2006). Escalating the individual value of job impacts to a societal level, spill-over effects depict the social value of employment, such as social cohesion, aggregate productivity and gender equality (World Bank, 2012). Particularly for young people, employment helps to build self-esteem and confidence, and helps increase their overall lifetime earning capacity, as well as their ability to access timely financial services (Foundation for Young Australians, 2018). For people experiencing disadvantage, decent employment can increase "their independence, social relationships and mobility, and [support] their health and wellbeing" (Barraket, Qian & Riseley 2019, p.6).

Nearly one in three social enterprises in Australia is principally concerned with creating meaningful employment for people experiencing disadvantage (Barraket, Mason & Blain, 2016). The available research supports the notion that well-run employment-focused social enterprises produce better job outcomes than mainstream employment services for people experiencing disadvantage (Mission Australia, 2008; Elmes &

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[1] In Australia, social enterprises are characterised by their business and social activities to combine a social mission with the pursuit of financial sustainability and self-sufficiency, using trading activity (Abbott et al., 2019). Employment-focused social enterprises are a type of social enterprises where the social mission focuses on creating employment or employment pathways for people facing barriers entering mainstream employment (Kong et al., 2018). In the literature and practice, employment-focused social enterprises are also commonly referred to as 'work integration social enterprises'. The term 'employment-focused social enterprise' used throughout this document includes employment-focused or work integration social enterprise.

Vanguard Laundry Services, 2018). However, employment-focused social enterprises experience growth challenges, including: a lack of policy recognition and access to appropriate finance; insufficient organisational capacity (such as governance structures and administrative processes); and attracting and retaining people with the right skills and knowledge to manage social enterprises (Qian, Riseley & Barraket, 2019). Consequently, their capacity to meet demand for jobs and employment pathways is constrained – three out of four social enterprises have fewer than 20 employees (Barraket et al., 2016). To achieve the goal of providing meaningful employment to young people experiencing disadvantage, and to overcome prolonged barriers faced by the social enterprise sector, the White Box project uses a systems-building approach.

2 The White Box Model

White Box is the 'container for change'[2] in the mission to create 5,000 jobs. The target cohort of the project is young jobseekers who are: ex-offenders; experiencing homelessness; Indigenous Australians; people with disability; people with mental illness; and/or refugees and people seeking asylum.

By selecting employment-focused social enterprises as a vehicle to generate job outcomes, the White Box approach seeks to build and grow an employment-focused social enterprise ecosystem and enable large-scale systems changes. There are three integrated components in the model: Demonstration, Advocacy, and Leadership (outlined in Table 1). The past year was marked as the White Box pilot project, developed through partnership support from the Queensland Government, Paul Ramsay Foundation, Ian Potter Foundation, English Family Foundation and Seventh Street Ventures.

Table 1: The White Box model [adapted from White Box Business Plan 2020-2023 (White Box, 2020b) and expanded by evaluation data]

Component	Strategy	Desired outcomes
Demonstration: *Building a jobs-focused social enterprise ecosystem in Australia*	• Building social enterprise start-ups • Replicating successful social enterprise to upscale • Supporting mainstream businesses committed to achieving employment outcomes	➢ 15 large-scale social enterprises by 2030 ➢ 5,000 jobs by 2030 ➢ Secure, full-time work for disadvantaged young Australians ➢ Strong partnerships between government – corporate – philanthropy – social enterprises ➢ Increased employment-focused social enterprise activities in Queensland ➢ Greater awareness of benefits of social enterprises ➢ Learnings contributing to program and policy reforms
Advocacy: *Creating access to funding to support sustainable growth of the sector and enable systems change*	• Setting up funding mechanisms, such as COVID-19 Jobs Creation Vehicle, Payment By Outcomes (PBO) and Sustainable Employment Loan Fund (SELF), to advocate for a more accessible and supported sector	
Leadership: *Raising a new generation of leaders ready to shape the future of the sector*	• Developing and championing social enterprise leaders to accelerate sector growth	

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[2] Containers for Change' is pinned as one of the five conditions of Collective Impact 3.0 framework (Cabaj & Weaver, 2016). Cabaj and Weaver (2016) summarised it as a renewed and enhanced elaboration of the key roles played by the backbone group, from vision and strategy creation, mobilising funding, and advancing policy to developing governance structures, funding models, and leadership styles. A strong container is expected to enable social innovators to transform their understandings of the system they are trying to change, the relationships with others in the systems, and their intentions to act. "The boundaries of this container are set so that the [participants] feel enough protection and safety, as well as enough pressure and friction, to be able to do their challenging work" (Kahane, 2012, p. 19).

Alongside delivering and demonstrating the White Box model, the course of the pilot project has also seen the formation of the White Box family. As of July 2020, White Box Enterprise Ltd is the sole member of a group comprising four sub-entities, including White Box Ventures Ltd, White Box Finance Ltd, Hotel House Keeping Ltd and Australian Spatial Analytics Ltd – all White Box entities are not-for-profit companies with DGR1 status. While the latter two are employment-focused social enterprises, White Box Ventures Ltd offers property management services and White Box Finance Ltd operates as a charitable fundraiser. White Box is governed by a board of four directors and is operated by an executive team including the CEO, Partnerships Director, Chief Social Entrepreneurs, Chief Financial Officer, and Office Manager (White Box, 2020c).

3 The Policy Environment for Social Enterprises in Australia

While Australia has a well-established history of social enterprise, policy recognition and support for these types of organisations has been piecemeal (Barraket et al., 2015; Lyons & Passey, 2006). There is currently no federal government development strategy for social enterprise, although there are minor policy commitments to expanding the market and outcomes for social impact investing, which presumes some benefit for social enterprise in relation to access to finance [caution should be exercised here as various studies suggest that current social impact investing products do not meet the needs of social enterprise (Barraket, Barth & Mason, 2015)]. At the state government level, Victoria was the first to develop a comprehensive social enterprise strategy in 2017, while Queensland established its own strategy in 2019, and NSW has recently announced a new partnership with social procurement intermediary, Social Traders. Both existing state government strategies recognise inclusive employment as a central benefit and policy goal of advancing the social enterprise sector. Local government has also played a long-term role in supporting social enterprise in Australia, with a focus on local economic development and jobs creation. Local government led the development of social procurement from social enterprise in the early 2000s (Barraket & Weissman, 2009), and multiple councils currently have explicit commitments to social enterprise through local economic and social inclusion strategies.

Despite these policy commitments and growing research evidence which suggests that employment-focused social enterprises are an effective form of labour market activation (Qian et al., 2019), these organisations are not explicitly recognised as providers within Australia's employment services system. Since the mid-1990s, there has been a strong focus on 'work first' models of employment services, and very minimal federal public investment in training and meaningful work experience as a pathway to employment (the currently mooted Job Trainer package is an exception, driven by the extraordinary circumstances generated by COVID-19). There is ample evidence that suggests the work first approach does not serve the needs of jobseekers experiencing disadvantage (Casey, 2019; Marston & McDonald, 2008), and that greater attention to labour market activation models could be beneficial to improving employment outcomes for affected people, and our national productivity.

The implications of the current and historical policy context for White Box are:

- The model presents a working prototype which has the potential to build legitimacy and policy recognition for employment-focused social enterprises in particular, and labour market activation programs more generally;

- Patchy existing policy recognition is a challenge to rapid and comprehensive uptake of the model.

4 An Overview of Social Enterprise Growth Strategies

White Box seeks to grow social enterprise employment for young people experiencing disadvantage by taking a systems approach to scaling impacts. This section presents findings from a desk review of internationally available strategies and practices to stimulate social enterprise growth. It then considers the implications of international experience for the design and implementation of the White Box model.

4.1 The ecosystem growth strategy

Social enterprises are considered a major vehicle for social innovation (Borzaga & Bodini, 2014). While social enterprise practice is gaining currency around the world, strategic measures are being adapted to build, scale and replicate social enterprises in various jurisdictions. The creation and delivery of social value, by serving and supporting a larger number of beneficiaries to address the key social problem, is known as scaling social impact (Andre & Pache, 2016). One of the increasingly popular strategies to scale social impact is the 'ecosystem growth strategy', adopted by some social enterprises (Islam, 2020). Ecosystem growth in the context of social enterprise addresses social problems by building a supportive development environment through three channels: undertaking advocacy work; supporting and growing young social enterprises; and undertaking industry development work (Islam, 2020), as shown in Figure 1.

Figure 1: Means to build a supportive ecosystem for social enterprises

Undertaking advocacy work
• The objective is to change public policies to address the identified social problems. These actions may include establishing grassroots alliances and other activist organisations to change public policies favouring social causes; creating government funding mechanisms to support employment and training opportunities for disadvantaged people; and creating secure and reliable lending practices for low-income people.

Supporting and growing young social enterprises
• This is achieved by creating and growing social enterprises, by providing support through training and advisory, legitimacy building, and financing (Granados and Rosli, 2019).

Undertaking industry development work
• These are the activities of establishing a new industry or mature industry to address certain social problems. For example, establishing a secondary mortgage market for millions of low-income people in 1998 by USA-based social enterprise Self-Help (Bloom and Dees, 2008).

Source: Adapted from Islam (2020)

Focused on demonstration, advocacy and leadership (Table 1), the White Box approach resonates with the ecosystem growth strategy discussed above. To help create and scale employment outcomes generated by social enterprises, White Box incubates and supports large-scale social ventures, establishes funding mechanisms with philanthropic and corporate partners, drives negotiation with government on the PBO program, and grows and mentors social enterprise leaders.

4.2 Social enterprise ecosystems

The emergence and growth trajectories of social enterprises vary across the world because of the differences in social, political and economic structures in respective operating environments. A social enterprise ecosystem includes a set of attributes, such as networks, mentors, capital, culture, and policy and governance, that collectively creates a supportive climate for social enterprises to grow (Spigel & Harrison, 2018). The ecosystem actors significantly affect the evolution and growth trajectories of social enterprises. Here, we briefly review different ecosystems in selected countries and regions to understand how social enterprise ecosystems support the entrepreneurial actions of social ventures in different political and economic contexts, identifying key ingredients in an enabling and supportive ecosystem which could shed light on White Box's systems-building approach.

Social enterprise ecosystem in the United States

In the United States, adapting a market-based approach for workforce development (Cooney, 2016), there are three typical types of employment-focused social enterprises: the sheltered workshop model; social enterprises supporting disadvantaged workers at the end of the labour queue; and clustered worker cooperatives (Cooney, 2015). Social enterprises and the associated ecosystem bodies are coordinated and convened by two large organisations operating at the national level: The Social Enterprise Alliance (SEA)[3] and Social Capital Markets (SoCap)[4]. SEA is a chapter-based organising network and convener for social enterprise in the United States, which is involved in constructing the primary elements of policy agenda for social enterprises (SEA, 2020). SoCap is a social impact investment network for social enterprises in the United States, connecting social entrepreneurs, investors, foundation and non-profit leaders, government and policy leaders, creators, corporations, and academics (SoCap, 2020). However, most social enterprise development initiatives in the United States take place at the state level. Figure 2 presents some examples for intermediary support networks in the American social enterprise ecosystem.

Figure 2: Key intermediary support networks for social enterprises in the United States

REDF	SE4Jobs Accelerator	National Transitional Jobs Network (NTJN)	Alternative Staffing Alliance
• A social investment fund providing grants and technical assistance to employment-focused social enterprises • Developed SROI approach for social impact measurement • Established the SE4Jobs	• A network operating under REDF, aimed to: •develop field-level awareness for social enterprise activities, •share information and best practices, •partner for success in business opportunities, and • educate policy makers	• Formed by community leaders, workforce development directors, foundation and advocates for anti-poverty space • Aimed to advance and promote effective employment strategies • Helping individuals facing barriers to employment enter and succeed in the workforce	• Developed to meet the needs that many expressed during the study, for access to technical assistance •Collective action on policy issues and expansion of the sector by supporting other organisations interested in launching similar ventures

Source: Adapted from Cooney and Lynch-Cerullo (2014); REDF (2020) and ICA (2019)

Social enterprise ecosystems in Europe

European social enterprises are situated in the welfare economies, and thus emphasise participatory governance, profit distribution and revenue generation committed to social benefits. In the absence of a universal definition for social enterprises, there is a wide range of legal identities, business models and social

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[3] Social Enterprise Alliance USA - https://socialenterprise.us/about/
[4] SOCAP - https://socialcapitalmarkets.net/about-socap/

aims across Europe (European Commission, 2015). The most visible form of social enterprise activities in Europe is work integration of disadvantaged people by employment-focused social enterprises. Typically, there are four major employment or employment pathway models of employment-focused social enterprises: providing transitional occupation; creating permanent self-financed jobs; providing professional integration with permanent subsidies; or providing socialisation through a productive activity (Pongrácz & Poláčková, 2017; Davister, Defourny & Grégoire, 2004).

In Europe, differences in social enterprise policies across countries are characterised by the varying levels of government involvement. Social enterprises are considered as businesses in the United Kingdom, and market-oriented enterprises in Finland and Ireland (Defourny & Nyssens, 2010). Italian social cooperatives are multi-stakeholder entities financed through contracts which are passed with the public authorities in a competitive market. Hazenberg et al. (2016) identified four types of social enterprise ecosystems in Europe: statist-macro; statist-micro; private-macro; and private-micro. The key differentiating features are presented in Figure 3.

Figure 3: Social enterprise ecosystem types in Europe

Statist-macro
- Heavy reliance on centralised state institutions' policy and funding
- Less commercially sustainable
- Depends on grants and direct funding
- Homogeneous types of social enterprises - employment-focused social enterprises
- Lack of connectivity among macro and micro levels of ecosystem
- E.g. Austria, France, Poland & Serbia

Statist-micro
- Mainly reliant on local level procurement and community initiatives
- Also, reliant on state institutions, subsidised loans from central state and European funding for local social enterprise development
- Heterogeneous social enterprises but mainly employment-focused social enterpises
- E.g. Scotland & Sweden

Private-macro
- Lack of state funding
- Government policy towards market oriented social enterprise development
- Funding through competitive contracts, social investors and European Union
- Varying procurement opportunities at local levels
- Impact measurement is encouraged
- E.g. Germany & the United Kingdom

Private-micro
- Reliant upon market trading mechanisms
- Encouraging income diversification
- Driven by regional associations, local governments and cooperative movements
- Labour maket integration is promoted by varying local level policies
- E.g. Italy & the Netherlands

Source: Adapted from Hazenberg et al. (2016)

Social enterprise ecosystems in South-East Asia

Hong Kong and Singapore, both known for their business efficiency,[5] were also among the top twenty economies which were deemed the best environments for social entrepreneurs based on global surveys by the Thomson Reuters Foundation (2019).[6] An examination of the social enterprise ecosystems of these two South-East Asian economies indicated that governments have played a strong and active role in driving the sector's growth.

Employment-focused social enterprises are the dominant form of social enterprises in Hong Kong (Leung et al., 2019). The development and operational efficiency of social enterprises in Hong Kong is closely associated with the evolution of political context and institutional changes (Chan, Kuan & Wang, 2011). The Hong Kong Government, a key funder in the not-for-profit sector, is the most important institutional actor enforcing laws and legal mandates (Leung et al., 2019), playing an active role in social enterprise development with various developmental projects (Raza & Tegtmeier, 2019). A critical factor to the success of the social enterprise sector in Hong Kong is that the Government chose to provide start-up funding to social enterprises based on the feasibility of their business plans; as a result, more than 40% of social enterprise start-ups have been funded by the Hong Kong Government (Kee, 2016). Another beneficial outcome arising from the process to screen fund applicants, was the prolonged lifespan of Hong Kong social enterprises – the average lifespan of social enterprises was 9.3 years, compared to an average of 3.7 years for small and medium-sized enterprises (SMEs) (Kee, 2016). The pipeline assessment of business viability among startups contributed to higher success rates of social enterprises. The Social Innovation and Entrepreneurship Development Fund (SIE),[7] established in 2013, supports individuals and organisations dedicated to creating social impact and building social finance to alleviate poverty in Hong Kong. More recently, government policy focused on social enterprises driving employment for the disadvantaged, has re-positioned the emphasis on social innovation (Chan et al., 2019).

Similarly to Hong Kong, the Singaporean Government plays a significant role in influencing the development of Singapore's social enterprise sector. The Ministry of Social and Family Development and the National Council of Social Service are both responsible for social enterprise policies (Bugg-Levine et al. 2012). The government-funded Singapore Centre for Social Enterprise (raiSE) is the main body which provides membership status for social enterprise, as there is not a dedicated legal entity for social enterprises (raiSE Ltd, 2017), whilst raiSE Ltd is the Government's central coordinating body for administering grants, loans and investments for social enterprises (raiSE Ltd, 2017). In Singapore, social enterprises are supported by a vigorous social enterprise ecosystem, which include seven key pillars: policy makers, network providers, capacity builders, fund providers, research institutes, professional and support services providers, and competition organisers (raiSE Ltd, 2017). In addition, the Social Enterprise Association acts as a connection between social enterprises, entrepreneurs, private enterprises, and academic institutions, building awareness and fostering partnerships among main stakeholders (Watanabe & Tanaka, 2016).

4.3 Social enterprise finance practices

Access to appropriate finance is a widely recognised enabler of social enterprise impact growth. A wide variety of social enterprise funding sources have developed in social finance markets. In some regions, the structure mirrors the mainstream capital markets comprising supply-side investors (e.g., individual or institutional investors; individual or institutional philanthropists, foundations, and charities; public sector

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[5] Hong Kong and Singapore have both been listed among the top five most competitive regions/countries for years by the International Institute of Management Development.

[6] In the 2016 poll, Singapore was ranked fourth and Hong Kong eighth on the top 10 list among 45 world's biggest economies (http://poll2016.trust.org/); in the 2019 poll, Singapore was ranked fifth, Hong King fell out of the top 10 ranking, Australia was the runner-up to the best country for social entrepreneurs (https://poll2019.trust.org/).

[7] SIE Fund of Hong Kong - https://www.sie.gov.hk/en/

grant-givers; publicly funded venture funds; and public sector investment funds), market intermediaries and support service providers (e.g., social investment finance institutions such as charity banks; investment banks; management consultancies, sector specific research groups, legal services, and bespoke social investment banks), and demand-side users (e.g., charities, social enterprises, co-operatives, and community interest companies) (Nicholls 2010).

Regarding the specific funding tools used in different country contexts to support social enterprises, debt and quasi-equity providers and grants providers are common supply-side fund providers. In the United States, an array of grant and loan funding options are available. For instance, grant funding can come from a variety of sources, from government, to public or private foundations, to individual donors. The American Government's Social Innovation Fund, Sobrato Family Foundation, United Way (a public fund), REDF (an intermediary), and Bank of America Foundation (a corporation) are among many grant providers that support social enterprises. In addition, there are four common sources of loan funding for social enterprises in the States: foundations (e.g., The Kresge Foundation); commercial banks (e.g. Sunrise Banks); impact investors (e.g. Living Cities); and community development finance institutions. In Britain, as a demand-side fund capital user and a relatively new form of business for social enterprises launched in 2005, community interest companies can pay shares under capped conditions and can either be set up as a company limited by guarantee or by shares (Nicholls 2010).

Whilst in Hong Kong funding approaches are mostly dependent on government arrangements, the social finance market in Singapore has multiple players. In Hong Kong, the SIE fund has three main schemes: the innovative program scheme aimed at providing financial support for social entrepreneurs; the capacity building scheme to build awareness, establish networks, and provide mentorship; and finally, the research scheme to support research activities in social innovation and social entrepreneurship (SIE Fund, 2020). Under this fund, a multi-entry point funding mechanism has been introduced whereby social entrepreneurs can access the funding corresponding to the incremental phases of the entrepreneurial developmental trajectory (Chan et al., 2019). In Singapore, there is ease of access to capital for social ventures: The ComCare Enterprise Fund (renamed from Social Enterprise Fund in 2005), is a key ecosystem player providing seed funding for social enterprises; meanwhile, there are banks, impact investors and grantors that provide capital for social enterprise start-ups and expansions. For example, Tote Board Singapore is a major grantmaking body for various social organisations funded through gaming surpluses (raiSE Ltd, 2017); DBS Foundation is another grant provider established by DBS Bank Singapore to support scaling social enterprise initiatives in Singapore and they offer social enterprises grants between SGD 50,000-250,000.[8]

4.4 Systems change and the White Box approach

The international experience on social enterprise ecosystem building and growth reviewed above demonstrates country-specific features responding to each unique operating environment; yet, it also sheds some light on common enabling factors that support an employment-focused social enterprise ecosystem. Such factors include: government policy and/or funding support; diverse funding mechanisms and/or social finance providers; cross-sector coalitions; and coordinative organisations (intermediaries and support networks) to support capacity building, market development, and knowledge sharing. The significant role of policy support for social enterprise development has been observed in international settings and called for in Australia (Barraket, Maison & Blain, 2016). While there are no 'cookie-cutter' solutions to complex social challenges, responses to the growth challenges of Australian employment-focused social enterprises need to take a systemic perspective.

To generate systems change, Bloom and Dees (2008) summarised two primary paths: changing the

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[8] DBS Foundation, Championing Social Entrepreneurship - https://www.dbs.com/foundation/about-us/default.page?pid=sg-group-pweb-foundation-hero-championing-social-entrepreneurship

environmental conditions that shape the behaviour of players; and introducing innovative practices and new business models that others adopt. The White Box model potentially involves both paths. For example, transforming underutilised government sites into social enterprise hubs (e.g., the Social Enterprise District on Mount Gravatt) is clearly building new infrastructure (path one). The innovative Payment-By-Outcome program that has been discussed by the Federal Department of Social Services is seen by many social entrepreneurs as a 'game-changer' (path two). Research by the Schwab Foundation (2017) presented five key ingredients for how social entrepreneurs create systems change: adaptability; building the evidence base; creating coalitions; government engagement; and inspiring and empowering people. Next, this report presents the evaluation approach and key findings from in-depth analysis of evaluation data to examine how the White Box model has worked in the pilot phase.

5 Evaluation Approach

5.1 Evaluative questions asked of the pilot project

CSI Swinburne conducted this independent evaluation of the pilot project from April to August 2020. The pilot evaluation addressed the following questions:

- What are the fundamentals of the White Box model?

- What is working effectively through this model?

- How is the model working?

- What outcomes have been delivered to date? and

- What are the key learnings for model refinement?

5.2 Methodology

The White Box initiative represents an emergent intervention at its early development stage, and therefore this evaluation has utilised a developmental evaluation approach with formative evaluation components. Learning-oriented and design-driven, developmental evaluation offers a systematic perspective to evaluation, designed to inform and support innovative and adaptive development in complex dynamic environments (Patton, 2010). Evaluation design was also informed by available time and budget to complete the work. Analysis involved both primary and secondary data.

Seeking to identify 'what has worked under what conditions', the developmental component of the evaluation focuses on capturing core elements and development of the White Box approach, as well as strategies to nurture continuous learning and to support development and refinement of the White Box model. The formative evaluation component seeks to identify how well the pilot project progressed in the past year.

The White Box pilot project evaluation has the following elements:

Desktop review – review and analysis of secondary data (provided by White Box, where available), and a literature review of currently available social enterprise growth models and ecosystem approaches, in an international context (see Section 4).

Primary data collection – semi-structured interviews were conducted via Zoom with 19 participants, including: five representatives from White Box; seven founding organisations/partners; and six participating social enterprises (including both social enterprises owned by White Box and those externally owned but supported by White Box). Table 2 below shows the interview sample across key stakeholder groups.

To seek an effective way of engaging direct beneficiaries (i.e., staff and/or trainees who work with the social enterprises White Box supports), the evaluation team consulted two social enterprises (one White Box owned and one White Box supported) for data collection methods. As a result, a short online survey was recommended, and the survey was fielded between 13 to 31 July collecting feedback from direct beneficiaries on their job experience and outcomes. A total of 14 responses were received across the two social enterprises.

Analysis and reporting – Qualitative data collected from interviews was analysed thematically, together with descriptive survey data, to identify trends and patterns in stakeholders' perspectives of the pilot project. Key findings are presented in the next section.

Table 2: Number of interviews with key informants

Key stakeholder groups	# Interviews
White Box representatives including co-founders, board director and management members	5
Representatives from funders or investors	6
Representatives from participating social enterprises	6
Government representatives[9]	2
TOTAL	19

[9] These representatives are from different government departments that one has played a funding role, the other though has no funding input has been engaged with White Box and aware of the model.

6 Evaluation Findings

The evaluation identifies the key achievements made in the past 12 months and the fundamental elements in the White Box approach developed over the pilot period.

6.1 What has been achieved in the pilot project?

Achievement 1 - Creating new social enterprises

White Box's strategy to stimulate the social enterprise environment has two arms: setting up new employment-focused social enterprises and supporting the current social enterprises in the sector to scale and grow. Hotel Housekeeping Ltd, Australian Spatial Analytics (ASA), and Spring Services Group, all established by White Box during the pilot year, are new and operating businesses (Figure 4). While Hotel Housekeeping, launched in July 2019, is the first social enterprise in the White Box family and receives funding, space and business support from White Box, ASA and Spring Services are more recently incubated and receive finance and business support from White Box.
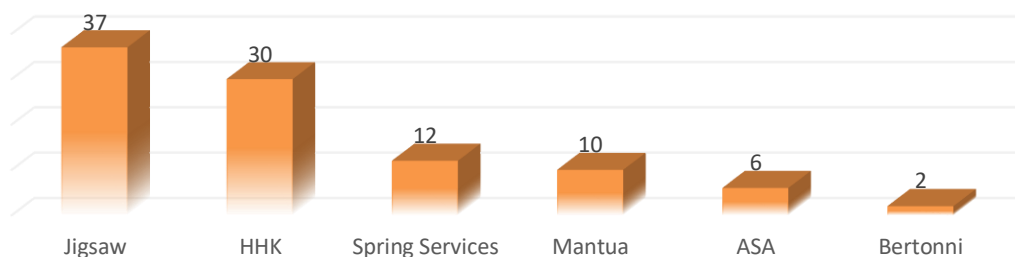
Figure 4: White Box created and owned social enterprise initiatives

Hotel Housekeeping

- Provides housekeeping services to hotels across Australia
- A not-for-profit social enterprise
- Employs young refugees

Australian Spatial Analytics

- Provides high quality data extraction and analytic services to industry and governments across Australia & the Pacific region.
- A not-for-profit social enterprise
- Employs young people with Autism

Spring SERVICES GROUP

- Provides cleaning services across the commercial, construction and industrial spheres
- A not-for-profit social enterprise
- Employs refugees, migrants and other disadvantaged Australians

Achievement 2 - Creating meaningful jobs

As of July 2020, 12 months into operation, White Box has helped created 97 jobs for young people experiencing disadvantage in Queensland. Figure 5 illustrates the breakdown of the job numbers across the six social enterprises White Box supports (White Box, 2020d). Of the 97 jobs created, 48 were from White

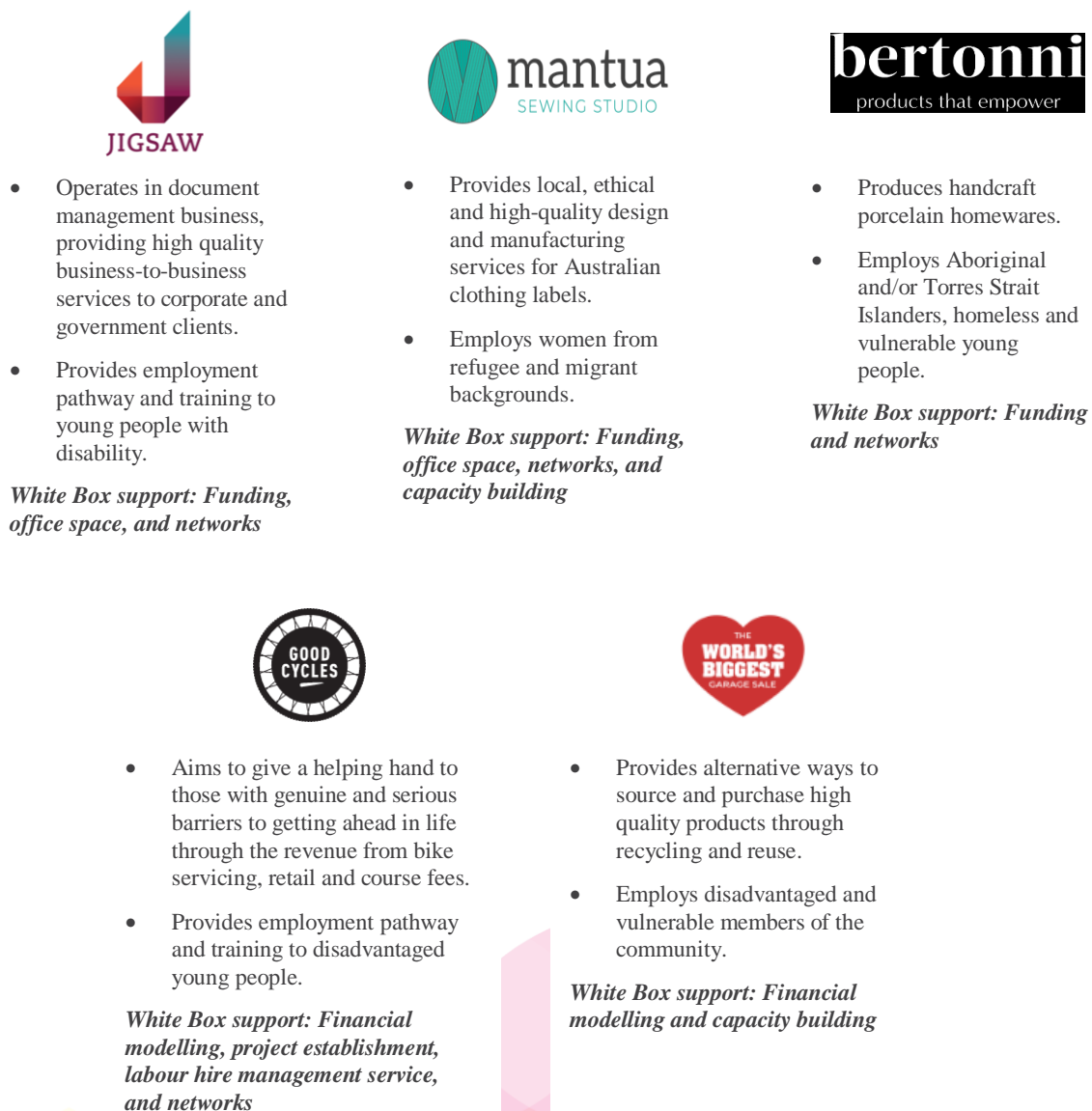*Figure 5: Number of jobs created by July 2020*

Source: White Box - https://whiteboxenterprises.com.au/

Box's own social enterprise initiatives and another 49 from the social enterprises it supports to scale.

The survey, administered to some direct beneficiaries at two social enterprises supported by White Box, revealed that one in two (57%) survey respondents has been working with the social enterprise for more than 6 months. Overall, surveyed direct beneficiaries are either overwhelmingly satisfied (71%) or fairly satisfied (29%) with the work opportunity they have received from the social enterprises. Furthermore, all surveyed beneficiaries reported they were willing to recommend working with a social enterprise to their friends or family members. Figure 6 shows the support, training and other resources provided at work and Figure 7 presents the work aspects that direct beneficiaries enjoyed the most. Clearly, survey participants highly valued the economic outcome of paid work or training, mirroring the most highlighted element in theoretical models of employment and wellbeing (Qian et al., 2019). It is also notable that empirical studies on employment-focused social enterprises have documented monetary and non-monetary impacts of increased income (e.g., Elmes and Vanguard Laundry Services, 2018; Vieta, Schatz & Kasparian, 2015).

Figure 6: Support, training and other resources provided at work

Orientation	86%
On-the-job training	79%
Support from a supervisor/work-buddy	57%
Flexible working arrangement	57%
Training on broader competencies and skills	36%
Career consultation or development	36%
Participation in the decision-making process	36%
Other	14%

Figure 7: Work aspects enjoyed most

Income	71%
Real workplace experience	57%
Relationships/connections with co-workers	57%
Training/skill development	29%
Flexibility	29%
Pathway to mainstream jobs	7%
Other	14%

When asked on what makes for a meaningful job, responses from survey participants highlighted ingredients that make a work experience fruitful: a good, friendly environment; happiness and satisfaction; flexibility; and a sense of team, connection and community (Figure 8).

Figure 8: What makes for a meaningful job

Achievement 3 – Replicating and supporting social enterprises

Contributing to the goal of supporting the incumbent social enterprises to grow and scale, White Box helped support Jigsaw, Mantua Sewing Studio, Bertonni, Good Cycles and World's Biggest Garage Sale through various mechanisms (Figure 9). During the pilot, White Box facilitated over three million dollars of financial contributions mainly through: helping the fit-out of the office space and the funding of it; providing grants, reduced rent, and free legal support; and securing low interest finance from impact investors. In addition, White Box offered a range of capacity building support in business development and financial modelling to partner social ventures at no cost, as well as introduced networks and key customers (see more details in Section 7.1).

Figure 9: White Box supported social enterprises and services

JIGSAW

- Operates in document management business, providing high quality business-to-business services to corporate and government clients.
- Provides employment pathway and training to young people with disability.

White Box support: Funding, office space, and networks

mantua
SEWING STUDIO

- Provides local, ethical and high-quality design and manufacturing services for Australian clothing labels.
- Employs women from refugee and migrant backgrounds.

White Box support: Funding, office space, networks, and capacity building

bertonni
products that empower

- Produces handcraft porcelain homewares.
- Employs Aboriginal and/or Torres Strait Islanders, homeless and vulnerable young people.

White Box support: Funding and networks

GOOD CYCLES

- Aims to give a helping hand to those with genuine and serious barriers to getting ahead in life through the revenue from bike servicing, retail and course fees.
- Provides employment pathway and training to disadvantaged young people.

White Box support: Financial modelling, project establishment, labour hire management service, and networks

THE WORLD'S BIGGEST GARAGE SALE

- Provides alternative ways to source and purchase high quality products through recycling and reuse.
- Employs disadvantaged and vulnerable members of the community.

White Box support: Financial modelling and capacity building

Achievement 4 – Building partnerships

White Box builds a network of partners, supporters and collaborators by strengthening existing relationships and creating new ones. Diverse partnerships were formed (Table 3) and contributed significantly to White Box's success in the pilot year (further discussed in Section 7.1).

Table 3: Types of partnerships formed during the pilot phase

Government departments	• Queensland State Government: Queensland Department of Employment, Small Business and Training (DESBT), Queensland Mental Health Commission (QMHC), TAFE Queensland
Supply-side investors	• Foundations: Paul Ramsay Foundation, Ian Potter Foundation, English Family Foundation, Bryan Family Foundation • Private investor company: Seventh Street Ventures
Supportive service providers	• For-profit firms: MinterEllison (a multinational legal consulting firm), Lendlease (a property developer), Enzen (a private technology and engineering consulting firm) • Not-for-profit firm: Impact QT (a firm providing advisory services, resources and networks)
Social enterprises	• Established social enterprises: Jigsaw, Good Cycles, Bertonni • Social enterprise start-up: Mantua Sewing Studio
Research institutes	• Queensland: Queensland University of Technology • Victoria: CSI-Swinburne

Achievement 5 – Building infrastructure systems at White Box

As a start-up, White Box's first year also involved developing governance, operating structures and processes that are essential to the organisation. Being able to establish infrastructure and recruit a team to support the five companies within the group (White Box Enterprises, White Box Finance, White Box Venture, Hotel Housekeeping, and Australian Spatial Analytics), while developing and demonstrating the White Box model, is an achievement in itself. Table 4 showcases two systems: the pipeline assessment process, a crucial tool for White Box to identify social enterprise opportunities; and the job outcome tracking and evaluation system, which is pivotal to outcome and social impact reporting.

Table 4: Pipeline assessment process and job outcome tracking system

Pipeline assessment of opportunities- *White Box established a Pipeline Assessment Team (PAT), which is tasked to assess and identify potential business opportunities. At the time of the evaluation, there were at least 21 projects in the pipeline: 8 live projects; 4 new projects; 4 projects under review; 5 projects with pending assessments and a few more potential opportunities.*

Job outcome tracking and evaluation - *Job outcomes of every project (i.e. number of jobs created) is reviewed on an ongoing basis and reported in Sprint Reports.*

6.2 What is fundamental to the White Box model?

Job creation

Creating jobs through social enterprise for young people experiencing disadvantage is the stated goal of the White Box impact project, it is therefore unsurprising that respondents viewed job creation for young people experiencing disadvantage as central to the White Box model. It is, however, notable, that the emphasis on quality of work underpinning the job creation strategies of the model appealed to partners and made the model distinctive. These emphases include: building a safe and productive work environment; valuing the longevity in job creation; and building capacity about how to support people who are experiencing disadvantage.

> *"The whole idea is generating good employment for people...It's more a fact of how you make a safe and productive environment for people that - who haven't worked for many years, have mental health challenges." (Funder representative 2)*

> *"The White Box approach brings that infrastructure and so - and whilst they're not pumping up thousands of just job that will end in nothing, it's that long term - the longevity that's really important." (Funder representative 3)*

The central commitment placed on creating employment outcomes as an organisation is key to the model.

> *"Job outcomes is very clear from White Box and what they want to achieve and not so clear from other intermediaries in terms of what their goal is as an organisation." (Social enterprise representative 5)*

> *"I don't know that of any other organisation that's got such a central committed focus to helping other social enterprises actually scale their employment opportunities." (Social enterprise representative 6)*

Such clarity and focus on employment outcomes drove flexibility and agility in the means of reaching the goal, which marks another important element in the whole White Box approach.

> *"An important part of White Box, that it can be - I think - can be adaptive and develop as it being a trial thing, a pilot. Or being a guinea pig. That's actually a good thing that there's that flexibility there. At the same time, I think they're very, very clear on purpose, what they're there for. They're not going to stray from their mission, [while] at the same time as being flexible is my sense." (Government representative 2)*

> *"[Where White Box is quite distinctive is] the willingness to not be constrained to any particular style of operation...If [White Box] can help to deliver the employment outcomes and opportunities, don't much care what the model is, other than how to leverage the skills to get there." (White Box representative 2)*

Building the ecosystem

The role White Box has played in building the ecosystem for the employment-focused social enterprise sector was highly valued. Through their work helping other social enterprises, building a platform for social enterprises to scale up, and looking at ways to change the ecosystem, interviewees believed White Box has taken this role seriously.

> *"White Box is really that first opportunity in Australia to look at the sector more broadly and*

understand where social enterprises can play a role, jobs focused social enterprises." (Founder representative 5)

"White Box in some ways, especially in its fully-fledged form will absolutely [build] the eco-system in helping employment based social enterprises scale quicker… however you do that will be building the eco-system at the end of the day." (Funder representative 6)

As discussed earlier, White Box has built strategic relationships with diverse institutional actors in the social enterprise ecosystem: governments at state and national levels; funders and investors from the philanthropic sector and private investment companies; for-profit and not-for-profit service providers; social enterprises and start-up social ventures; and research institutes. The international evidence reviewed in a previous section highlighted creating cross-sector coalitions as key to building a dynamic ecosystem.

Business sensibility

Evaluation respondents – particularly, funders – observed that business sensibility is strong and central to White Box's operations. Specifically, White Box's attention to finding market opportunities, creating strong businesses that will survive, and building the business capacity and business acumen of the social enterprises, was viewed as appealing and unique.

"This concept of identifying market opportunities and then building enterprises to fill that market gap is very appealing with us." (Founder representative 6)

"Intermediaries typically don't deliver on stuff like what White Box delivered on. They will focus more on the funding, more on the impact investment, more on the philanthropy, whereas that's not the only thing. That is a component. For us that is one of four key metrics that we need to scale. So, it's only a quarter of what we need to be able to deliver on the impact. [But] most intermediaries focus on that. White Box didn't, they focused on the tangible things that we needed to physically scale; bricks and mortar, key customers, and the funding to support that. I think that's what stands them out that's different than others." (Social enterprise representative 4)

It is this business-orientated approach that made White Box essentially an enterprise, or "an entrepreneur in the social enterprise space" as one interviewee commented.

"There're many social enterprises that are like, well, I've got this group of disadvantaged people, what can I create around them? But [for White Box], looking for a business opportunity that disadvantaged people can have an opportunity of being part of - they are the elements." (White Box representative 5)

Hands-on approach

White Box has taken a hands-on approach to incubate and build their own businesses, and support and help other social enterprises. This hands-on (rather than external advisory) approach was highly valued by many and seen as what differentiated White Box from other intermediaries or business consulting services.

"[White Box is] not just an intermediary or a course or a consultant, it is an enterprise that is creating many other enterprises in a hands-on way, not just theoretical business plan kind of way… So, they're both running it and they also facilitate others to run and expand their enterprises. So, it's been amazing. It's really all in it, not just on paper." (Founder representative 2)

"White Box is a facilitator to put real businesses together and actually operate them, not just consult or assist or guide, but actually to look at doing big social enterprise businesses." (White Box representative 2)

Demonstration, advocacy and leadership

These elements, which are the three core components of the White Box model, were identified as central to the White Box model by interviewees, although primarily by White Box team representatives. Relatively limited emphasis on these features by other respondents may reflect the early-stage timing of the evaluation.

Other

In addition to the features identified by respondents above, interview participants highlighted two other factors as unique and/or key to the White Box approach. First, respondents identified the quality and complementary skills of the White Box leadership as central to the model's effectiveness. In particular, participants observed that the team had diverse expertise and experience, and significant capabilities in developing trust with partners, including funders, social enterprises and governments. Second, interviewees observed that innovation is explicit in the White Box model, particularly in relation to raising capital, inventing new models or new ways to engage with people, and acting as 'the R&D arm...of the community' (White Box representative 2).

7 The White Box Approach: Enablers, Challenges, and the Outlook of Success

This evaluation examined how the White Box model worked during the pilot, reviewing the enabling and challenging factors as well as barriers encountered, to understand the strengths of the model. The review of international experience, combined with the evaluation findings, suggest there is strong alignment between the elements and enablers identified in the White Box approach and the key ingredients needed to drive systems change identified in the Schwab Foundation study (2017), which are: adaptability; building the evidence base; creating coalitions; engagement with government; and empowering people.

7.1 What has worked in the model?

Providing wrap-around support to strengthen social enterprises

To support the employment-focused social enterprises that work with them, White Box provides a suite of administration, accounting and finance services free of charge, as well as access to funding and partner organisations, and connections to key customers and government. These resources were invaluable to the operation of, and highly valued by, the social enterprises White Box supports. The nature and scope of this support reflects the social enterprise-first mentality, and hands-on approach, which was detailed in the previous section. As social enterprise representative 3 summarised:

> *"White Box makes up for that common weakness of a lot of these social enterprises, [such as] expertise, funding, centralised administration services like payroll - all these little things which consume… the social enterprises so much to the point they don't focus on simply growing the business and getting the fundamentals up and running. The support has worked, the advice has worked, expertise and feedback on tendering. And then the centralised support - administration support for payroll, finance, being able to model out forecasting and cashflow with their help, that's been really important. That's all worked."*

In addition, White Box's approach to working with supported social enterprises shows a strong sense of mindfulness not to interfere in partners' business operations, and respect for partners' individual and unique business needs. These practices were highly valued, and well acknowledged, by social enterprises.

> *"Together with White Box's very focused approach on tangible outcomes…they're not going to get too involved in your business. They trust that you're running a good business and they'll do a little bit of due diligence on that, but they will leave that to you. What they want to help us with is the things that we need to scale, and that's not always the case with other intermediaries." (Social enterprise representative 4)*

> *"I really loved that probably what worked well is the ability for White Box to just scale with - like up or down - with our business needs, not try and push us, they've just stood beside us, almost like an extension of our company." (Social enterprise representative 6)*

Having a good product, an anchor contract, and a strong leader, was identified as important to driving business success. Interviewees also confirmed that drawing on industry practices and proven models, instead of trying to reinvent the wheel, is a strength of the White Box approach.

"The other key fundamental of a good social enterprise [is] to have a very strong managed product to sell, generate return, and have to productivity covered no matter what. So [White Box co-founder has] done that very well." (Funder representative 1)

"Then they've got really being driven by being able to find an anchor contract in an area where there's an existing good example of social enterprise. I think those things driven are key to success in this [model]… One of the other key drivers in success is locating and developing a strong leader to lead that start-up." (Funder representative 4)

Shared knowledge and experience is clearly an enabler. The fact that White Box is built upon a long history and body of work by its co-founders in employment pathway models, social enterprise and social finance, has ensured that accumulated learning and good practice is now ready for sharing with social enterprises that White Box supports.

"The White Box model is based on or comes from years and years of - and like any new approach, years and years of getting things right and wrong and realising the best way to do things. And so that learning is so important, and they are able to share that learning with the smaller social enterprises that they work with." (Funder representative 3)

"[White Box,] they guide and direct us in a lot of ways, but they don't need to control but they need to encourage and uplift and inspire and educate and learn and evolve. And they do it hand in hand with us learning a significant amount along the way through their shared knowledge and experience." (Social enterprise representative 6)

The team

The skillsets, expertise and experience of the White Box team, and the extended group of people who provide intellectual guidance and technical support, were highly valued. The diversity of the team, the ability of White Box to attract talent, as well as to bring sector expertise into the business model, have all been enablers.

"My understanding of the way that the White Box model works is that they're bringing in people with different skillsets that complement each other and then using that power - that brainpower, to help build the social enterprises. So, I think that's really great." (Government representative 1)

"So, using talents within the organisation and bringing on other talent as a result, and bringing in sector expertise as well, so identifying where they can plan bringing in some sector expertise into that particular business model, [have worked well]." (White Box representative 1)

The pipeline assessment process

Interviewees confirmed the pipeline work is essential and useful for White Box and many commented that the pipeline assessment process was a success.

"One of the things that [White Box] did well through the pilot was…a good evaluation system and process to decide what would work and what maybe wouldn't work in setting up a social enterprise or inviting a replication partner." (Funder representative 4)

"The pipeline assessment process has been quite good at ensuring [White Box] segregate those sorts of strategic developmental future opportunities from existing business, and from sort of entrepreneurial development as well." (White Box representative 2)

While it was recognised that this process of identifying opportunities is a work in progress and mistakes had been made at the early stage, dead-ends and errors were also reflected on positively as opportunities for learning, which were drawn out of such experience. Earlier in this report, the review of international practices discussed that the pipeline assessment by the Hong Kong Government, to screen business viability among social enterprise start-ups, contributed to higher success rates of social enterprises, which implied the process to screen social enterprise opportunities may in return improve the business feasibility of the successful candidates.

Trust building in relationships and partnerships

There is a strong sense of trust and confidence in White Box's relationships with the funders and social enterprises they work with. White Box has gained trust and confidence from funding organisations and investment partners, through a strong track record and good relationship management. Most importantly, the establishment of this trust and confidence is underpinned by a deep knowledge and understanding of both the way White Box works, and what they are trying to achieve.

> *"So, I've got a really honest, open relationship with [White Box co-founder who is] more than happy to take feedback, suggestions, negative comments." (Funder representative 1)*

> *"That really speaks volumes of the way that White Box operates and that we operate with White Box, is that we have spent many years building up that deep trust...Having multiple in-points and multiple depths of relationships with the various players inside White Box, it gives us access to knowledge that somebody that wasn't funding him wouldn't have." (Funder representative 5)*

Likewise, White Box also has trust in the social enterprises they support. As mentioned earlier in this section, this underpins the way White Box works with social enterprises, for example, having trust in their business operations, respecting their business needs and building an open and honest relationship, which again enables White Box to focus on their core mission to support social enterprises to scale.

> *"From the White Box perspective, I think it's sharing and making other intermediaries aware of what is possible by trusting the enterprise and its operations and its business model and not getting too caught up in that and focusing on what it needs. 'What do you need to be able to scale? We trust that your business model is in good shape', and you have to do a bit of due diligence with that, I'm not saying that you just have to handshake and it should be all good, but that due diligence doesn't need to be as extensive as some intermediaries make it, and they then need to be asking, 'What do you need to scale'." (Social enterprise representative 4)*

> *"This is like a work marriage and it means you've got to be able to have some robust conversations sometimes and do some things and say some things that might hurt each other sometimes. But if we can't have that safe space and be open and honest, then we're never going to be able to go outside of the norm. And I feel like that's what I love about White Box is that they're not vanity metrics and just trying to do good." (Social enterprise representative 6).*

Leveraging and sharing networks

The networks White Box has in philanthropy, corporate, and state and federal government sectors, is clearly an enabler. The ability to tap into these networks for funding, technical expertise, and support, and the willingness to connect supporters with other social enterprises, allows White Box to leverage key resources, to formulate cross-sector connections, to drive greater impact through government, and essentially, to be that 'pollen' in the ecosystem for employment-focused social enterprises.

"The White Box team … don't have this issue of they don't just talk to other social enterprises. They have that network of philanthropy, in corporate, in government and that's probably why they're so effective… Tapping into their network to the best of their ability, using that network, rather than trying to do it themselves, [is an enabler]." (Funder representative 3)

"One of the key takeaways for White Box is the ability to bring others with them on that journey, and that's not always easy. But I think that that's one thing that is really, really vital in the work that they do. So, I think that they're certainly starting to unlock that but actually achieving that." (Funder representative 5)

Engagement with government

Partnerships with Queensland state government departments was fundamental to success in the pilot phase. The relationship developed with federal government departments to advocate for the Payment by Outcomes program was seen as another achievement.

"[White Box co-founder's] relationship with state government and various departments is critical to 'pulling it together', e.g., made the transaction easier with favorable rent terms and lease terms." (Funder representative 1)

"They've developed strong relationships with government…They've certainly furthered the case for payment by outcomes as part of a pilot which I think's another very, very strong part of what they've achieved." (Funder representative 4)

"They had that space at Mount Gravatt TAFE all lined up. And commitments from government to be able to use that space and repurpose it, and partnerships with other non-government entities and so on. So, all those things that are enablers." (Government representative 1)

7.2 Challenges and barriers

Interviewees were explicitly asked what had not worked with the model; however, there was no account of anything not working from their perspectives. Nevertheless, some bumps, challenges and barriers experienced during the pilot were identified. Multiple interviewees reflected on the key challenges in accessing appropriate funding and working with government, the general and unique business limitations faced by social enterprises, as well as the significant impact of the COVID-19 pandemic on White Box's business operations.

Access to funding

Advocacy on appropriate funding is one of the key strategies of the White Box model, a solution designed to help the capital constrained sector. Although none of the White Box representatives interviewed considered funding a barrier to White Box itself, it was perceived by some partners as a major concern or challenge to White Box's capacity to achieve more.

"I think we need a lot more funding into that type of an institution, you know, that type of social enterprise. So, we need to sort of bring more with us in essence around that because the ability for White Box to do what they do is only limited by their access to capital." (Funder representative 5)

Several interviewees further commented on the difficulty for intermediaries to get funding in Australia. There were also perceptions of the low deal flow in the impact investment space and the challenge in finding the "right partner hook between the investor and the investee" (Funder representative 1).

Business challenges

There was a unanimous understanding among interviewees that social enterprises face the same up and down challenges as every other business, but with greater barriers and more complexity, as they are also delivering on social purposes. White Box is no exception. Getting a deep understanding of the market; discerning the right projects to invest on; selecting the right people for the right position; pushing hard to improve business efficiency; and making decisions around risk taking, are all challenges relevant to White Box.

> *"To create job opportunities, you've got to create business that solves other businesses problems. So, some of these limitations are just your general economic limitations.... You have to compete in an open market. So, you're like every other business then." (White Box representative 3)*

As White Box has chosen social enterprise as a vehicle to solve a social problem, the business viability and financial sustainability of the business models that they are working on is under the spotlight, with stakeholders, especially funders, paying close attention. Some stakeholders raised concerns around the commercial viability of the support and services offered to social enterprises by White Box, and many reflected on how White Box and the social enterprises achieve sustainability (discussed further in Section 7.3).

Working with government

While relationships with government were recognised as an enabler, working effectively with government presented challenges, according to interviewees. Specifically, many commented on the difficulty in navigating government, the lengthy processing time, and meetings that were time-consuming and counter-productive.

COVID-19 pandemic

Despite occurring towards the end of the pilot phase, the pandemic, and subsequent lockdown that started in March 2020, had significant effects on operations, revenues, business models, and most frustratingly, the collective ability of White Box and their supported social enterprises to reach their initial employment outcome goals. This was reflected on by multiple interviewees as the biggest challenge faced.

While the public health response to the pandemic has affected most Australian businesses, it caused immense frustration and disrupted the momentum built by White Box over many months of hard work. As one interviewee commented, to be hit at a time when White Box – a start-up itself - is still new and forming, has a significant impact.

However, some interviewees reflected positively on White Box's response to the COVID-19 downturn, identifying their ability to reconsider business models and to adapt, and the swift set-up of the COVID-19 Job Creation Vehicle loan with supporters. This demonstrates the flexibility and agility which is identified as a core element to the White Box model in the previous discussion.

> *"The pandemic, you know, it's going to be a challenge look for work. Hotel Housekeeping has all but disappeared I suppose. But that was unforeseen obviously... And the fact that Luke has certainly redirected efforts to the cleaning business shows us that there certainly is initiative." (Funder representative 2)*

> *"Then COVID happened...Then [White Box] rebuilt this thing (the COVID-19 Job Creation Vehicle loan). And then somehow - this is just in the last three weeks, we have raised $250,000 for that fund, mostly from grants." (White Box representative 4).*

COVID-19 will continue to create business disruption and establish greater barriers to employment for young people experiencing disadvantage, for the foreseeable future. This suggests that White Box's impact objectives are even more important now than they were prior to the pandemic.

Other

In addition to the challenges discussed above, which are more specific to implementation of the White Box pilot project, interview participants also flagged broader challenging factors to social enterprises in the operating environment, among which access to funding was perceived by many as the biggest barrier. Meanwhile, multiple participants reflected on a lack of government support and commitment as a major limiting factor to the sector. Furthermore, some interviewees commented on the difficulties in driving policy changes, and misalignments between state and national policies.

> *"There seem to be some kind of policy misalignments between State and Commonwealth policy about the job support system and stuff like that. You know, what social enterprises are able to access…" (Government representative 1)*

Some interviewees highlighted the poor business perception of social enterprises in the marketplace.

> *"I think a lot of procurement teams like the idea of engaging social enterprise wherever they can, in a low-risk way perhaps, but I think a lot of them don't perhaps perceive social enterprises in a - associate with it being a little bit of a charitable only mission and might lack a bit of substance, which is not true." (Social enterprise representative 3)*

> *"I remember early years of being an entrepreneur in the social impact space, a lot of people don't take you seriously. They think you're just some sort of fluffy entrepreneur…You can't be a real businessperson… you're a social entrepreneur. Go and get a real job…That's kind of like some of the biggest challenges." (Social enterprise representative 6)*

A lack of recognition of social enterprises' business credibility could jeopardise their opportunities to secure contracts, garner needed support and recruit skilled staff for managing venture operations. Furthermore, the social entrepreneurs interviewed also called out for a legislated business status for social enterprises, and a tax system to support it.

> *"So, we sit right in the middle of the seesaw. We're not a charity, and we're not a proprietary limited company, yet we're not DGR, but yet we're proprietary limited but we're not proper proprietary limited. So, we're really trying to pull away from one and pull away from another and sit in the middle, whether we're charitable status or not. It needs to be recognised as a business model. In a perfect world I'd love to see it have its own categorisation in our tax system - proprietor limited, company limited by guarantee, charity, social enterprise." (Social enterprise representative 6)*

7.3 What would success look like?

There is a strong consensus on defining or measuring success for White Box by jobs created, or people employed, which is aligned with the goal of the whole White Box impact project. In addition, interviewees also depicted success as: building viable and sustainable social enterprises around market opportunities; helping more social enterprises to scale; being a champion for employment-focused social enterprises; demonstrating impacts of employment-based social enterprises to more people; and, 'nudging the system that [employment-based social enterprise] is an active part of the toolkit for governments' (White Box representative 4).

Success for partner social enterprises is also centered on employment generation. In addition, multiple interviewees also stressed short-term, operational level outcomes. Examples include: picking up contracts

and creating work for disadvantaged Australians; making strategic growth through commercial opportunities that employ people on a national level; being established as a reputable service provider in the industry; and, being able to scale beyond current business setting and space.

In addition to the outlook of success, interviewees also provided their perspectives on what working or not working, would mean for White Box. Unlike measures of success, which are usually tied to short or long-term outcomes, the definition of working or not working offers some operational context to understand what is needed to achieve the outcomes. Participants stressed a steady state of growth, and the absence of unintended barriers to outcomes being achieved, as what constituted White Box 'working'.

> *"I don't think not working is not an option. Working would be obviously being out in the sustainable enterprises unto themselves with good social return. Not working would be just struggling to - or just grow slowly." (Funder representative 2)*

> *"Working is getting one person in permanent employment and stable employment with proper infrastructure." (Funder representative 3)*

> *"What that means to me is are you getting benefit from the support via White Box, I suppose? And what's not working, is their involvement detrimental in any way or is it holding things back or is it causing - is it well-intentioned but causes issues?" (Social enterprise representative 3)*
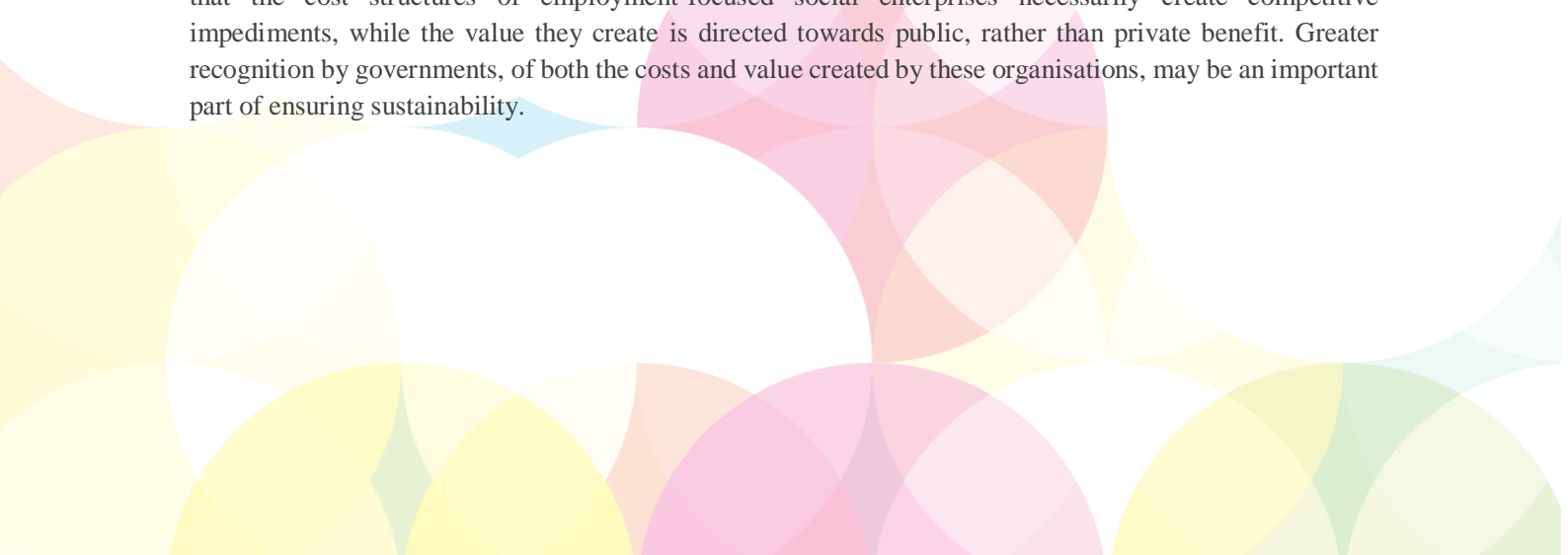
Financial Sustainability

Several funders expressed a strong expectation that the White Box model achieve long term financial sustainability, as well as the sustainability of businesses White Box supports. For the White Box team, this is certainly important, and is a work in progress.

> *"We've got to be sustainable as well, so how do we ensure that White Box captures some of the value that it's creating, and it doesn't have to be exorbitant, but it needs to be sufficient to enable us to continue to deliver on the mission." (White Box representative 1)*

On the one hand, White Box is helping enterprises in their business and finance modeling to make them more sustainable; to put structures and business systems in place; ensuring that the business is on the pathway to be self-sustainable, even though there might be a long way to go. On the other hand, the team at White Box is learning, and wants to get better at mapping out how to get a partner enterprise to a tipping point, where the operation is successful and the business is sustainable, and working out when White Box should withdraw.

It is worth noting that there is a strong understanding across funders, social enterprises and the White Box team, that the early stage is tough, yet crucial, for social enterprises to lay a strong foundation for business. Therefore, they need the support, space and time to scale, to replicate, and to be sustainable. It is also notable that the cost structures of employment-focused social enterprises necessarily create competitive impediments, while the value they create is directed towards public, rather than private benefit. Greater recognition by governments, of both the costs and value created by these organisations, may be an important part of ensuring sustainability.

8 Suggestions and Take-aways from the Pilot

Funders and supported social enterprises highly valued the White Box model and its success in the pilot, as demonstrated in the above discussion. Moving forward, there is room for enhancement, and learnings can be drawn from the past 12 months which can be shared with the wider sector.

8.1 Suggestions

Finding the balance between continuing to do things well and expanding fast

There is a sense among the White Box team of the need to stay focused and not to spread too thinly across too many projects. The fast-paced development in the pilot phase has been effective in putting governance and infrastructure systems in place for White Box to grow, establishing partnerships, creating businesses, and supporting existing businesses. However, the pace of development has not been without issue. While 'quick wins' are an important feature of demonstration initiatives, sustainable organisations need time and space to create an enabling environment and culture for their people.

External supporters broadly shared this sentiment. They suggested that the pace of development at White Box be slowed, the team be mindful of scope creep, and the focus should be on doing a small number of things well. Potentially, what may help to narrow down the pipeline volume at this stage is to execute a 'complementary opportunity exploitation' strategy. For example, building start-ups and replicating existing businesses can be centered around complementary products and services to social enterprises that White Box already supports. This could allow White Box to transfer learnings and resources across ventures, develop job pathways for trainees, demonstrate the viability of the business models relatively easily to funders and investors, and consolidate White Box's position in the sector with a more focused approach.

Developing and communicating the risk profile

While there may be a natural tendency for investors to reduce risk profiles, the appetite for risk varies from one investor to another. When investment takes place in enterprises with social purposes, it adds another layer of complexity, and can require a different lens, to manage and deal with risks. Some interviewees reflected on ideas that were pulling them in different directions on this topic.

> *"Of course, [White Box] can improve by looking at good enterprises to - realistic enterprises - to start, rather than things that might struggle a bit. But one obviously wants them also to dream big." (Funder representative 2)*

Developing a clear risk position and risk profile, and improving communication around risks, may assist White Box to establish and sustain effective partnerships and investments.

> *"Making sure that people understand the risks. Probably making sure that you're working with philanthropic organisations that are really wedded to the business you're trying to develop and being really truthful about barriers and the difficulties in starting a business." (Social enterprise representative 1)*

Measuring and communicating the impact beyond job numbers

As discussed in the earlier section, the quality factors of job creation are equally important, and underpin the White Box model. Measuring employment outcomes needs to factor in the quality aspects of job outcomes,

which is what defines meaningful and sustainable jobs.

The benefits of employment are far-reaching for individuals, communities and generations. This means to understand and demonstrate at a richer – if not fuller – scale, the impacts that employment-focused social enterprises create on various aspects of individual lives, such as people's capability development, health, social inclusion and wellbeing. In addition, it is essential to consider the cascading impacts created at the community level.

Effective communication of outcomes is as important as rigorous impact measurement itself. This requires investment in research, routine monitoring, and marketing. There is scope for White Box to further 'flex' its partnership capabilities to leverage sustained support for these activities.

Sharing good practice with social enterprises and mainstream businesses

Building the evidence base and sharing learnings is part of the advocacy piece of the White Box model and is an important part of any initiative that seeks to effect change through demonstration. Documenting the proven models, mechanisms and practices that provide support for people to get and keep jobs; that build capacity for employers to do so; and sharing such knowledge not just with social enterprises but also mainstream businesses and employment services providers; creates greater social benefits. Ultimately, this could inspire and empower more businesses to be more open to, and competent in, employing young people experiencing disadvantage.

Reinforcing the ecosystem growth strategy

The White Box approach resembles the ecosystem growth strategy discussed in the early part of this report. When executing this strategy, it is important to be aware that there might be unintended consequences. For instance, Barraket and Loosemore (2018) observed that Australian social enterprises in the construction industry competed for a small pool of funding. Therefore, incubating and replicating new and existing social enterprises in an already resource-constrained environment could produce further competition for limited resources, and consequently lead to ineffective outcomes and results of the pursued social mission (Islam 2020). Therefore, joining forces with other venture funds such as ACSO-arbias venture and the Benevolent Society, and tapping into impact investment and blended value investment models to devise new funding mechanisms, may be potential areas to explore.

Adopting long-term thinking in a rapidly changing world

Labour market dynamics have changed significantly, with a noticeable decline in routine cognitive jobs since the turn of the century (Heath, 2016). There is heated discussion around which, and how, some occupations and industries will be impacted by the changes associated with Society 4.0 (CEDA, 2016). Technology advancement is predicted to drastically reduce routine and labour intensive jobs in the next decade, as the content of jobs becomes more automated and adaptive (Foundation for Young Australians, 2017); and new sets of occupations and sectors are constantly being exposed to the possibility of automation (CEDA, 2016). More recently, the pandemic has profoundly changed business practices and consumer behaviors, which will have an inevitable residual impact on public service delivery. All these factors indicate that the demand for job skills, the nature and content of jobs, and the structure of workplaces, are evolving and reformulating.

Driving social innovations in such a challenging era requires a long-term view, foresight skills, and adaptive capacity. For White Box, creating jobs with longevity, and building employment pathways to the mainstream job market for young Australians experiencing disadvantage, entails long-term planning, not only about developing knowledge, skills and capabilities of the target cohort, but also around developing a business portfolio that could better respond to future labour market changes and industrial trends associated with

Society 4.0. In this light, partnerships with training and research institutes, and universities, could give White Box the leverage to harness front-line research insights.

8.2 Key take-aways

There was considerable diversity among interviewees in their learnings and take-aways from the White Box pilot project. This speaks to the depth of the journey that both White Box and their supporters have experienced, and the diversity of partners White Box has succeeded in bringing to the table thus far.

For example, funders saw the significance of the growth in the sector, of social entrepreneurs and innovators as role models, and practical ways to support social enterprises.

> *"Hopefully the learnings are that we're building the evidence case for government to really get behind and support social enterprise, not just the jobs focus social enterprise but try to really start to embed social enterprise thinking, social enterprise culture into social outcomes, culture of how we build societies." (Funder representative 4)*

> *"One of the key take-aways is we need more Lukes in the world. We need people that have done it and then want to go and do it bigger, that's the big one. That the people, the founders are critical, finding that founder with their track record, and the passion to build businesses of force for good." (Founder representative 6)*

> *"The other big take-away is that foundations that potentially sit within a family office have a bunch of expertise and assets and skills that they can leverage to the benefit of the enterprise… I think it wasn't just tokenistic volunteering, it was like really, how [our] HR has a wealth of experience and she really, basically did the whole recruitment process for them for nothing, and she loved it, she loved being involved with that. So, that was a big take-away." (Founder representative 6)*

For social enterprises, the White Box experience could either bring in specific business ideas or be empowering.

> *"The takeaway of the pilot phase I think is learning about getting our message right. I think last year I was trying to sell - in our sales efforts and our marketing efforts - I think we were using the social impact message quite heavily, and we're a social enterprise, we're this. That's got to remain part of the message, but I think moving forward I've got to re-adjust and now leverage off the credibility that we've established and say to the market place 'Look, we can be trusted to get the job done because we've done this, this, and this, and you can talk to this person to verify. And if you do go with us, we're going to make a great social impact together.'" (Social enterprise representative 3)*

> *"I think just like all the help and support that they've given, I want to be able to do that for other people. Other social enterprises, I just want to be able to help other people. Like they've just been so - you know, they've given so much and I want to be able to do that for other businesses or other people. That's one of the key learning." (Social enterprise representative 5)*

And for the team at White Box, this journey might be not as rosy as it was at the outset; nevertheless, it is enriching.

> *"I think the time that it takes to get projects sustainable is a really big learning. The resources*

that it takes initially. The fact that some things might not work. The focus that's required, the team that's required, the technical expertise that are required is really significant." (White Box representative 4)

9 Tracking the Journey of Change: Development of an Overarching Evaluation Framework

The White Box initiative aims to tackle a complex social issue – creating meaningful and sustained employment for young Australians experiencing disadvantage – through a systems change approach. The emergent nature of the White Box model, and the need to track and map dynamic systems changes, has implications for ongoing evaluation. At this early development stage of the White Box project, it is recommended to consider developing an overarching evaluation framework to guide future evaluation activities, ensuring a consistent, rigorous and data-driven method. Designed to inform and support innovative and adaptive development in complex dynamic environments (Patton, 2010), developmental evaluation offers a systematic perspective to evaluation. It is recommended to embed principles of development evaluation from the outset of the overarching evaluation framework, making most of this learning-oriented and design-driven evaluation approach.

It is important to articulate the purpose, intended use, and key stakeholders of the evaluation framework, balancing the needs for continuous learning and planning of the project, accountability reporting to stakeholders, and knowledge sharing and evidence building for the broader social enterprise sector. Having a guiding evaluation system in place is also beneficial to the development and refinement of impact metrics. As the evaluation navigates complex and dynamic innovations and systems changes, impact measures need to be reviewed and adapted regularly, reflecting the changing context and/or objectives, to stay relevant and meaningful. Figure 10 suggests potential evaluation focuses across different development stages of the project.

Figure 10: Potential evaluation focuses at different stages of the project
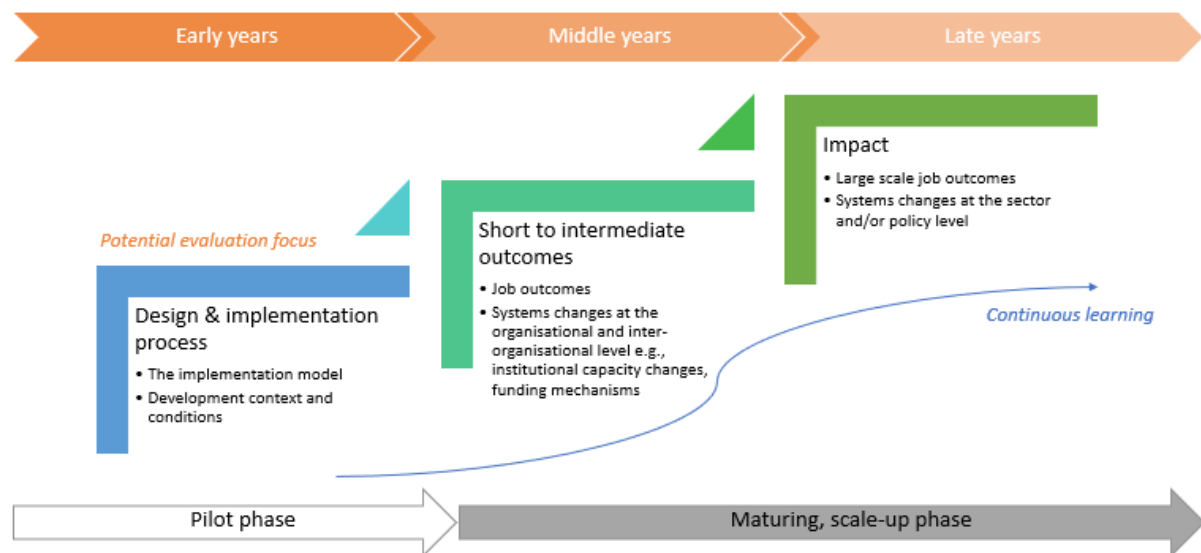
In addition, with White Box's bespoke system-changing approach, the design of the overarching framework can benefit from taking a systems change evaluation lens. An understanding of the system, aspects of complexity, and leverage points in the system, could help identify methods and tools for evaluating systems change efforts (Cook & Preskill, 2019).

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Appendices

<u>Appendix 1 Semi-structured interview schedule</u>

- ***The White Box model***
  - o What do you think are the core elements of the White Box model, what are considered 'fundamental' or distinctive?
  - o How was the WB model developed and evolved?
    - ▪ Why the WB model, have you considered/explored other pathways?
    - ▪ What changes have been made as WB has rolled out?
  - o What did you want out of WBE?
    - ▪ What motived you/your organisation to get involved?
    - ▪ What was your biggest concern at the beginning? Has it changed now?
- ***The pilot year operation***
  - o In the first year of implementation:
    - ▪ What was the most difficult task or area to work on?
    - ▪ And the most difficult decision to make?
    - ▪ What challenges, setbacks or kinks, if any?
  - o What were the major or key activities or happenings in the project?
  - o Did you find anything that has particularly worked or not worked?
    - ▪ What does 'working' or 'not working' mean for WB from your perspective?
  - o Have there been any major challenges or hiccups? What were these?
  - o What could have been done differently?
- ***Results and outcomes***
  - o What are the key results and outcomes achieved in the first year?
  - o Are outcomes captured and measured? In what way?
    - ▪ Are you happy with the outcome measures?
    - ▪ How are they being communicated? And, to whom?
  - o What have been the barriers and enablers to achieve positive results and outcomes?
    - ▪ Do you think there have been limiting or enabling factors specific to the social enterprise sector?
  - o Overall, have you been satisfied with the results from the pilot phase? In what way?
    - ▪ What would success look like, in the short-term and longer-term?
- ***Learnings and reflections***
  - o What is the operating and business environment for WB and social enterprise sector?
  - o What are the key ingredients needed to build, replicate and upscale social enterprises?
  - o What are the changes needed in the operating environment to make this happen?
  - o How WB is connected to the larger systems – such as policy and industry activity - in this environment?
  - o What are the key take-aways from the pilot phase that can be fed into the design and implementation of the next phase?
    - ▪ What will be the most important factor for WB to work on in the next phase?
  - o Do you think what results or learnings from the WBE pilot project are most beneficial for the knowledge building of the social enterprise sector, and in the impact investment and philanthropic space?

Appendix 2 Direct beneficiaries feedback survey questions

Q1: How long have you been working with the current social enterprise?
A1 Less than a month
A2 Less than three months and more than one month
A3 Less than six months and more than three months
A4 More than six months

Q2: How did you apply for the position?
A1 Applied through an employment service agent
A2 Applied directly to the social enterprise
A3 Invited or contacted by the social enterprise to apply for a vacancy
A4 Recommended by family or friend who works at or has connection with the social enterprise
A5 Other, please explain briefly: _____

Q3: How do you describe your work status at the current social enterprise?
A1 I receive a salary as I was hired under a work contract
A2 I receive a traineeship (training through experience) but no salary
A3 I receive training, an allowance and sometimes other benefits such as free board and lodging but no salary
A4 Other, please explain briefly: _____

Q4: Has the social enterprise provided any of the following support, opportunities, training or resources? (Please choose as many as applied)
A1 Orientation
A2 On-the-job training
A3 Training on broader competencies and skills (e.g. manual labour, language skill, and computer knowledge)
A4 Support from a supervisor or a work buddy
A5 Flexible working arrangement
A6 Career consultation or development (such as help on writing resumes)
A7 Participation in the decision-making process at the social enterprise
A8 Other, please explain briefly: _____

Q5: Which of the following job results do you like the most? (Please choose up to THREE results)
A1 Income
A2 Job experience at a real workplace
A3 A sense of control at work
A4 Flexibility
A5 Relationships or connections with co-workers
A6 Opportunity to move to mainstream jobs
A7 Training / skill development
A8 Other, please briefly explain: _____

Q6: How do you describe the job outcomes from your work? (Please choose as many as applicable)
A1 The work opportunity/training at this social enterprise has increased my ability to engage in active economic activities
A2 The work opportunity/training at this social enterprise has increased my motivation to further develop my work skills and competencies
A3 The work opportunity/training at this social enterprise has increased my self-confidence in finding

future employment

A4 The work opportunity/training at this social enterprise has provided me with opportunities to make contacts with new people (e.g. employers, managers from other social enterprises and hiring agencies)

Q7 Overall, how satisfied are you with your work experience at the current social enterprise?
A1 Extremely unsatisfied
A2 Fairly unsatisfied
A3 Couldn't tell
A4 Fairly satisfied
A5 Extremely satisfied

Q8 How likely are you to recommend working with a social enterprise to your friends or family members?
A1 Extremely unlikely
A2 Fairly unlikely
A3 Couldn't tell
A4 Fairly likely
A5 Extremely likely

Q9 What does a 'meaningful job' mean for you? Please briefly explain: _____

Q10 Is there any other feedback you would like to provide: _____