Title: Art-based Social Enterprise in Australia

Name and Affiliation: Dr Grace McQuilten, Vice-Chancellor’s Research Fellow, Centre for Art, Society & Transformation, School of Art, RMIT University, Australia
Dr Ben Neville, Melbourne Business School, University of Melbourne

Abstract
This paper investigates the critical issues that impact on the ability of art based social enterprises to sustain their work and create meaningful social benefit, mapping the emergent territory of social entrepreneurship in the arts in Australia. It is presented in three parts; (i) a literature review of the field of art and its relationship to social enterprise, including issues, potential benefits and research gaps; (ii) findings from a pilot study examining the tensions between artistic, social and economic goals in art based social enterprises; and (iii) directions for further research. The paper contributes to the development of new policy and better practice for arts organisations looking at social enterprise as a model for both financial growth and the creation of social impact.

Social enterprise holds promise for artistic practice to develop sustainable organisational and financial models in the context of declining public funding in the arts. In both art and social enterprise there are inevitable tensions in the relationship between non-economic and economic values. Historically, in both the social sector and the arts, a critical distance from the market has provided a vehicle to sidestep this conflict. However a changing global economic system, neat divisions between public and private have given way. In Arts and Creative Industries, a report commissioned by the Australia Council in 2011, the researchers observe a gradual shift toward privatisation and individualism in arts production stemming from 1960s ideologies about creative freedom. This has led to an increasingly entrepreneurial spirit. They describe, “Independent cultural producers were acting in ways akin to
small business entrepreneurs; they were self-employed and looked to take
advantage of niche, emerging, fleeting markets.”¹

The problem with this increased individualism, as evidenced in the same
report, is a simultaneous instrumentalisation of artists for commercial interests, and
a deferral of responsibility for problems in the arts away from social policy makers
and onto individuals.² There is no doubt that free market ideology dominates many
aspects of contemporary society across the globe, including government policy, the
non-profit sector and commercial enterprises, resulting in greater competition for
funding and resources. Burton Weisbrod writes that, “Competition for resources is
driving all organizations – nonprofit, for-profit and government – to search for new
markets, and a market that is new to one type of organization is quite likely to be
occupied already by another.”³ One of the results of this shift from public to private
is that non-profit organisations are increasingly taking on the responsibilities of
government in addressing cultural issues, the distribution of wealth, the promotion
of community and the development of local culture.⁴ This has been evidenced in the
explosion of the social enterprise sector; a hybrid of non-profit and for-profit
organisation models that aim to generate income to support socially motivated
projects. Art based social enterprise is on the rise in Australia, as demonstrated by a
recent report issued by Tasmanian Regional Arts titled “Learning from Branching
Out: An exploration of Social Enterprise in the Tasmanian Arts Sector,” which looked
at the possibilities of social enterprise to rejuvenate struggling arts organisations in
regional areas of Tasmania.⁵

Social enterprise in the arts has tended to emerge in the areas of textile art,
craft, fashion and design as opposed to the areas of exhibitions, dealership and

¹ Justin O’Connor, with Stuart Cunningham and Luke Jaaniste, *Arts and creative industries: A historical
overview; and an Australian conversation*, (Sydney, Australia: The Australian Council for the Arts,
2011), p. 68.
² O’ Connor, et. Al., *Arts and Creative Industries*, op. cit., p. 75
³ See Burton Weisbrod, “The Future of the Nonprofit Sector: Its Entwining with Private Enterprise and
⁴ As Weisbrod argues “The growth of nonprofit sectors throughout the world is thrusting nonprofits
into the central debate over the organisation of society.” In “The Future of the Nonprofit Sector,” op.
cit., p. 552
⁵ Kylie Eastley, “Learning from Branching Out; An exploration of Social Enterprise in the Tasmanian
Arts Sector,” Tasmanian Regional Arts 2012.
gallery sales. This is partly linked to accessibility, in terms of artists being able to source materials and produce items with minimal infrastructure and cost, while readily accessing markets independently of curators and dealers. It also relates to an emergence of such enterprises in developing rather than developed economies, linked with a broader global development agenda, and in a context where there is a greater reliance on self-generated income due to lack of government and philanthropic support. In a submission for the Economic Cooperation and Development Review in 2013 made by Irena Bokova, the Director-General of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) emphasised the role of arts and culture in promoting sustainable development:

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

Practices such as art, craft and design, have a unique ability to combine market participation with social inclusion. This is not to say that art and culture should be monetarised or commodified. Rather it recognises that art and culture are already intertwined within broader economic and social systems, and indeed culture has become an important factor in worldwide economic growth.

As this brief overview of the field suggests, there is a strong framework that supports the case for art based social enterprise in the context of both rising social inequality and decreasing public funding for the arts. This has been an area of rapid growth locally and internationally over the last 5-10 years. However, despite all the promise, such enterprises have multiple and potentially conflicting institutional demands, logics and thus high organizational complexity. The potential for the model to achieve these goals depends on their ability to manage the tensions

---

between their artistic, social and financial objectives.\(^7\) If this is not managed appropriately, there is also potential to do harm. While the creative and cultural sector holds great potential for improving social and economic capacity for those experiencing disadvantage, it is widely recognised that there is also potential for harm in a top-down, interventionist approach to arts in community development. Social policy theorist Martin Mowbray describes short-term initiatives in community development as, “cynically conceived, cut-rate, short-term, boosterist programmes located on the fringes of government.”\(^8\) It remains to be seen, therefore, whether the social enterprise model is an appropriate form to provide cultural and social value in the arts.

The second section of the paper therefore brings together art theory with organizational management theory to look at how art based social enterprises manage the tensions between their artistic, social and economic goals. It presents preliminary findings from case studies of 14 organisations in both developing and developed countries. The study draws firstly upon a branch of organisational management theory known as “paradox” theory to investigate both the nature and management of internal organisational tensions.\(^9\) Secondly, we draw upon the complex systems approach along with value network analysis to explore how these organisational tensions relate to external stakeholders and systems.\(^10\) This combined approach provides a more nuanced understanding of the relationships between artistic, social and economic goals, and offers insights into how these objectives can be pursued simultaneously. The results of this pilot study shift focus away from an interest in simply measuring social impact, which is the dominant mode of social entrepreneurship research, toward offering insights into how hybrid arts organisations simultaneously advance multiple goals and navigate the tensions that arise.

The third and final section of the paper presents recommendations on future

---

\(^7\) See David Throsby, *Economics of Cultural Policy*, (New York, USA: Cambridge University Press, 2010)

\(^8\) Martin Mowbray, “Community Capacity Building or State Opportunism,” Community Development Journal, July 2005, p. 264


directions for research in the area of art-based social enterprise, including methodologies that support collaboration with social enterprise stakeholders and beneficiaries, so that the research itself models best practice in terms of social enterprise, equality and empowerment.