

Chapter 1: The Case for Social Enterprise

Social Business: Enterprising at the Bottom of the Top of the Pyramid

Martin Brueckner, Sally Paulin, Jenna Burlison-Davis, and Samir Chatterjee

Abstract: The bottom of the pyramid (BoP) approach popularised Prahalad (2004) as well as other writers such as Hart (2005) and London (2007), calls for the engagement of business with the bottom segment of the global income pyramid, and has attracted considerable attention and debate. The BoP lens is applied chiefly to communities experiencing ‘extreme poverty’ in low income countries with little reference to the growing number of people living in ‘relative poverty’ in high income countries. For the purpose of stimulating academic debate this paper seeks to explore the role of the so-called fourth sector, a domain for hybrid business ventures of social (and, in the case of this paper, Indigenous) entrepreneurs, at what we refer to as ‘the bottom at the top of the income pyramid’ in Australia. Using examples of Indigenous and social entrepreneurship within disadvantaged communities, we seek to highlight the scope for fourth sector enterprises at the lower end of the income spectrum within developed countries. It is suggested that the business models found within the fourth sector offer promising, alternative approaches for addressing the economic as well as social and cultural needs of those living on the fringes of today’s increasingly fragmented high-income societies.

Keywords: Social Enterprise, Indigenous Enterprise, Bottom of The Pyramid, Social Sustainability, NGOs, MNCs, For-Profit, Non-Profit

Introduction

In this chapter, we will outline our definition of ‘the bottom at the top of the pyramid’ in Australia, and discuss the rise of the so-called fourth sector. We will also explore the concepts of ‘social and Indigenous entrepreneurship’ to identify linkages and potential complementarities, using two brief examples. Our discussion focuses on the potential opportunities for fourth sector business ventures within the Australian Indigenous context.

We wish to emphasise here that chapter paper is presented with a view to stimulate discussion and academic debate on the role of social and Indigenous enterprise at the bottom of the income scale within high income countries. As such, the literature reviews presented below are aimed at providing an overview of the subject area only, and we lay no claim to an exhaustive treatment of what needs to be appreciated as a vast and growing body of literature.

Background

Poverty is one of today’s most persistent social problems and one of the most pressing, yet unfulfilled, Millennium Development Goals (United Nations 2000). Despite recent improvements in absolute poverty levels (i.e., living on less than US\$ 1.25 per day), the achievement of global poverty reduction targets set for 2015 remains in question (United Nations 2009) as global income disparities continue to widen (Calder 2008; Cheema 2005).

Today’s poverty debate is focused chiefly on the over three billion people believed to be living in ‘absolute’ poverty in developing, low income countries (Chen & Ravallion 2008). These are the people Prahalad and Hart (2002) describe as living at the ‘bottom of the world’s income pyramid’ (see Figure 1).

Annual Per Capita Income*	Tiers	Population in Millions
More Than \$20,000	1	75–100
\$1,500–\$20,000	2 and 3	1,500–1,750
Less Than \$1,500	4	4,000

Figure 1: The World’s Income Pyramid - * based on purchasing power parity in US\$
 Source: UN World Development Report cited in Prahalad (2004)

In contrast, far less attention is focused in the BoP context on the ‘relative poverty’ experienced by those at the lower end of the income scale in developed and mature economies; what we describe as the bottom at the top of pyramid (see Figure 2) (Chatterjee in print). Even though, the economic ‘problem’ has been solved for the majority of the populations living in Tier 1 countries, a growing minority is found to be losing out on the promise of ‘prosperity for the greatest number’. About 13 per cent of the population (Harding, Lloyd & Greenwell 2001), live in relative poverty in Australia, similar to the UK and the USA (Jenkins & Micklewright 2007). They lack access to socially perceived

necessities (Pantazis, Gordon & Levitas 2006) and have reduced living standards compared with most other people. This socio-economic deprivation makes access to education, employment and income opportunities problematic, with flow-on consequences for health, cultural belonging and spirituality (Townsend 1987).

The BoP concept has triggered much debate and critique regarding the size of the fortunes to be found at the bottom of national income pyramids particularly with regard to the roles and responsibilities of multinational companies, NGOs and governments. There is also a litany of ethical, social and environmental concerns associated with the ‘marriage’ of the interests of commercial decision-makers and the so-called BoP ‘markets’ (e.g., Jenkins 2005; Jose 2006; Kandachar & Halme 2008; Karnani 2007; Landrum 2007; Walsh, Kress & Beyerchen 2005). At present, the theoretical debate is stalemated, and empirical evidence of socio-economic improvements in BoP markets remain mixed at best. We do not wish to add to this debate but instead seek to employ the BoP lens as a way of focusing attention on the issue of intra-country poverty in high income societies, using Australia as an exemplar case.

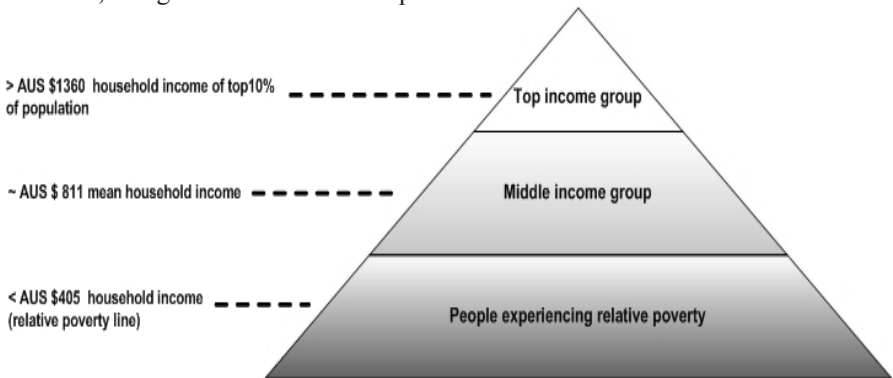


Figure 2: The Bottom at the Top of the Pyramid - Figures show weekly income per household. Household income is shown here as equivalised disposable income of a single person household, taking into account differences of size and composition of different households in Australia.

Sources: (Australian Bureau of Statistics 2009; Melbourne Institute of Applied Economic and Social Research 2009)

There are growing calls for hybrid, human-centred approaches for engagement with disadvantaged communities (Altman 2007; Kandachar & Halme 2008; Sabeti & Sector Network Concept Working Group 2009). Instead of the orthodox market-based conceptualisation of BoP, we offer an understanding of BoP as assisting communities in need of socio-economic improvements, social inclusion and cultural acceptance. While the lack of purchasing power is pivotal in explaining the hardship experienced by BoP communities, we contend that social belonging and recognition of socio-cultural and historical contexts are critical for effective engagement with disadvantaged, and, especially Indigenous communities (Schwab 1995). As Narayan (2000) suggests, the poor do not die due to lack of income but through lack of access to resources, which includes

social and cultural identity as well as intact environmental systems and natural resources.

Social and Indigenous entrepreneurship have emerged in recent years as dynamic fields of academic inquiry and business practice, which – whilst remaining disparate disciplines – offer insights into alternative understandings and workings of business-society relations. It is these alternative business approaches that harbour the potential to alleviate disadvantage and offer pathways for the improvement of living standards and social cohesion, blending business acumen with a drive for innovation and a mission of social change. We argue in this paper that both Indigenous and social entrepreneurship focus on social over economic causes, driving community engagement and catering for, as well as, fostering a sense of collectivism.

The Bottom at the Top of the Pyramid: Australia's Growing Gap

The economic downturns and associated budget blowouts of the 1970s and 1980s led to Australia's wholesale adoption of economic rationalism by government (Carson & Kerr 1988; Pusey 1991; Weatherley 1994). The ensuing decades of neo-liberal economic reform under successive governments from both sides of politics (Castles 2001) have resulted in the thinning of the country's middle class (Pusey 2003) and growing income divides among Australian households (Meagher & Wilson 2008; Saunders 2003) owing to a dramatic redistribution of income and government spending from low income to high income earners (Jones 1996; Pierson 1994).

Income divisions were aggravated further by Australia's recent resources boom which slowed only temporarily with the onset of the global economic downturn (Denniss 2007; Stilwell & Jordan 2007; Western Australian Council of Social Service 2009). In contrast to Australia's boom years of the 1950s and 1960s, the economic boom in recent times resulted in pockets of concentrated and severe social disadvantage becoming entrenched across the country (Vinson, Rawsthorne & Cooper 2007). Overall, in the OECD comparison Australia compares poorly with other high incomes countries in light of widening gaps in income, wealth and opportunity between the rich and the poor (Leigh 2007; Organisation for Economic Cooperation and Development 2009a; UNICEF 2007). The experience of relative poverty in Australia is pronounced particularly amongst the country's youth (Boese & Scutella 2006; UNICEF 2007) and seniors (Organisation for Economic Cooperation and Development 2009b) as well as people with disabilities (The Physical Disability Council of Australia 2003), ethnic minorities (Dawkins, Gregg & Scutella 2002) and the country's Indigenous population.

Indigenous Australians rate as the most disadvantaged population segment in Australia (Foley 2003), with over 40 per cent living below the official poverty line (Hunter 2006) at income levels comparable to those of people in developing countries (Australian Medical Association 2008; Walter 2009). Past policies of dispossession and 'protection' led to the subjugation as well as social and economic exclusion of Indigenous people (Markus 1994). While the 1970s saw a policy shift toward self-determination and subsequently reconciliation,

Indigenous Australians still face socio-economic disadvantage and discrimination (Human Rights and Equal Opportunity Commission 2003).

While Indigenous people make up only 2.5 per cent of the country's population, they are overrepresented in the country's welfare statistics, facing much reduced life expectancy, higher incidences of mental and other health problems and high mortality rates. Comparably low high school completion rates and low household incomes mean that Indigenous Australians are about two to three times more likely to be impoverished than the rest of the population (see Australian Bureau of Statistics & Australian Institute of Health and Welfare 2008; Human Rights and Equal Opportunity Commission 2003; New South Wales Department of Education and Training & Charles Sturt University 2009). The political reforms of recent decades only served to widen the disparities between Indigenous and non-Indigenous Australians.

Against the background of life at the bottom of Australia's income pyramid we now explore the potential contribution of social and Indigenous enterprise to disadvantaged communities in Australia beyond socio-economic improvements as they relate to aspects such as empowerment, social cohesion and community well-being.

Social Enterprise: A Brief Overview

The last three decades witnessed a convergence of the three fundamental economic sectors in many countries around the world. These are the first sector (business or for-profit sector), the second sector (public or government sector) and the third sector (voluntary or non-profit sector). Economic downturns, budget blowouts and globalisation pressures have diminished the ability (and willingness) of governments to deliver effective social services (Kettl 2000). In response, governments in the UK and Australia are increasingly promoting social enterprise as a vehicle for the protection of the public good through business solutions (e.g., FaHCSIA 2009; Office of the Third Sector 2009). Meanwhile, third sector organisations, acting as welfare related service providers for governments, are assuming a stronger market orientation using enterprising to fund their programmes (Gray, Healy & Crofts 2003; Kerlin 2006; Nicholls 2006). Similarly, business has started to respond to growing stakeholder demands for 'triple bottom line' management (after Elkington 1994), and terms such as 'corporate governance', 'corporate social responsibility' and 'corporate citizenship' are now widely found (Blyth 2005; Pedersen 2006).

This convergence has led to a blurring of once clearly demarcated sectoral boundaries and given rise to a new fourth sector, which we view as the domain of a growing number of social enterprise models that fall outside the confines of the traditional sectors. Social entrepreneurship is a relatively new field of inquiry, debate and practice and as a discrete academic field still in its infancy (Borzaga & Defourny 2001; Bull 2008; Chell 2007; Dees 1996; Kerlin 2006; Rhodes & Donnelly-Cox 2008; Sud, van Sandt & Baugous 2009). Despite much interest in this area, social enterprise has remained a dispersed field owing to the varying definitions which co-evolved on both sides of the Atlantic.

Debates on social enterprise are frequently premised on the dichotomy between first sector (for-profit) and third sector (non-profit) and activities, each representing the respective endpoints of the spectrum of enterprising activities (Dees 1996, 2001). In recent years, social enterprise has emerged as a conceptual bridge between the goals of economic and social value (see Figure 3), effectively marrying the competing aims through the creation of ‘blended value’ or a ‘dual value’ (Alter 2007).

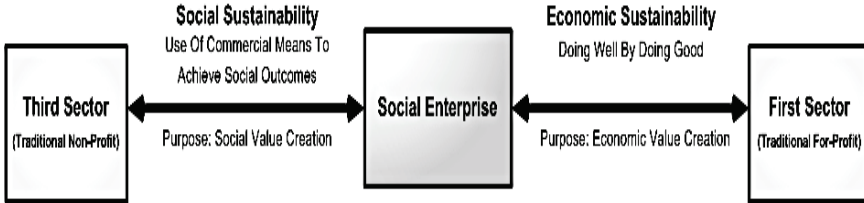


Figure 3: The Profit-Non-Profit Dichotomy
 Source: based on Alter (2007: 14)

While some commentators see social enterprise as an effective way of reconciling conflict between economic and social causes (Evers 2001), others express concern about the dangers of associated tensions and trade-offs (Arthur et al. 2006). US social enterprise theorists and practitioners are more comfortable with the notion of revenue-generation than their international counterparts based on a tradition of fundraising by third sector organisations (Kerlin 2006). In contrast, Western Europeans limit the field of social enterprise to those organisations belonging to the third sector (Nyssens & Kerlin 2005). Their understanding of social enterprise includes the unique element of the social economy where social benefit is the main driving force (Kerlin 2006). In Australia, social enterprise practice is not new (Jones 2007) but as a field of academic inquiry still comparatively young (Gray, Healy & Crofts 2003). A recent study of social enterprises in Western Australia revealed a closer alignment with the US model (Davis 2009). It remains unanswered, however, which social enterprise tradition Australia as a whole will follow or whether the country will develop its own hybrid models as can be found in countries like Bangladesh, (e.g., Grameen Bank).

There is considerable debate as to whether social enterprise represents an area of sectoral overlap, a subset of one of the three existing sectors or a sector in its own right (see Figures 4 and 5). In other words, despite our earlier references to a fourth sector, agreement on its existence is by no means a given.

Social enterprises, when understood as a sector subset, largely fall within the domain of the third sector, highlighting that social over economic value creation is at the core of socio-entrepreneurial activity (Alter 2007; Westall & Chalkley 2007). However, despite the social orientation of the third sector, there is concern about the gradual subsuming of social enterprise by the first sector in the quest for greater efficiency as favoured by both business and the government (Arthur et al. 2006; Dart 2004; Dees 2001; Hardy 2004).

Supporters of a cross-sectoral understanding of social enterprise (see Figure 4) see it as a reflection of the multiple origins, drivers and contexts of the social

enterprise tradition (Seanor, Bull & Ridley-Duff 2007). This approach highlights both the concurrent emergence of social enterprise within each sector and the convergence of the sectors, with social enterprise seen as the point of common overlap between them (Aiken 2006). The blurring of the sectoral lines (Dart 2004), however, makes delineation difficult in that socio-entrepreneurial activity of first and second sector organisations can be almost indistinct from third sector activities (Westall & Chalkley 2007).

Finally, social enterprise is seen by others as part of an emergent fourth sector (see Figure 5), driven by global concerns over income inequality, environmental degradation and social injustice (Feiss 2009). This new fourth sector allows hybrid entrepreneurs to set up new business models, which fall outside the traditional sectoral boundaries. These are the archetypal ‘for-good’ or ‘for-benefit’ organisations with an embedded social purpose and commitment to stakeholder responsibility (Sabeti & Sector Network Concept Working Group 2009).

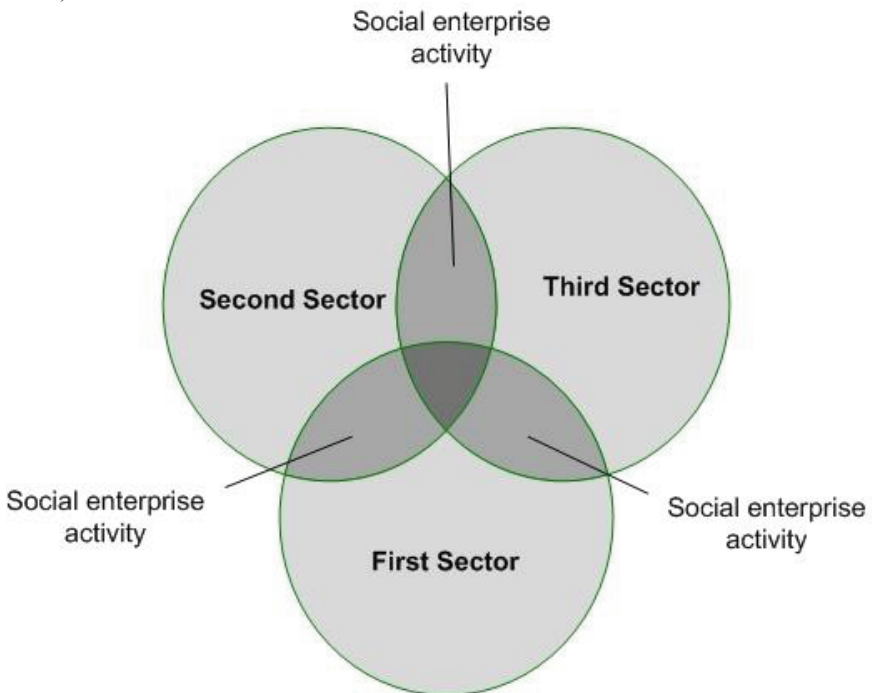


Figure 4: Cross-Sectoral Understanding of Social Enterprise

Source: based on Seanor, Bull & Ridley-Duff (2007: 5)

Examples of a these fourth sector (‘for-good’) organisations are shown in Figure 5, which also depicts the convergence of the traditional sectors and underlying drivers. While corporate social responsibility and ethical business conduct are shown as motivations for change within the first sector, a more pronounced market orientation is identified as the key driver within the second and third sectors for a shift toward social enterprise. The emerging fourth sector is shown

to be made up of an array of organisational models, which borrow from, but fall outside, the traditional three sectors.

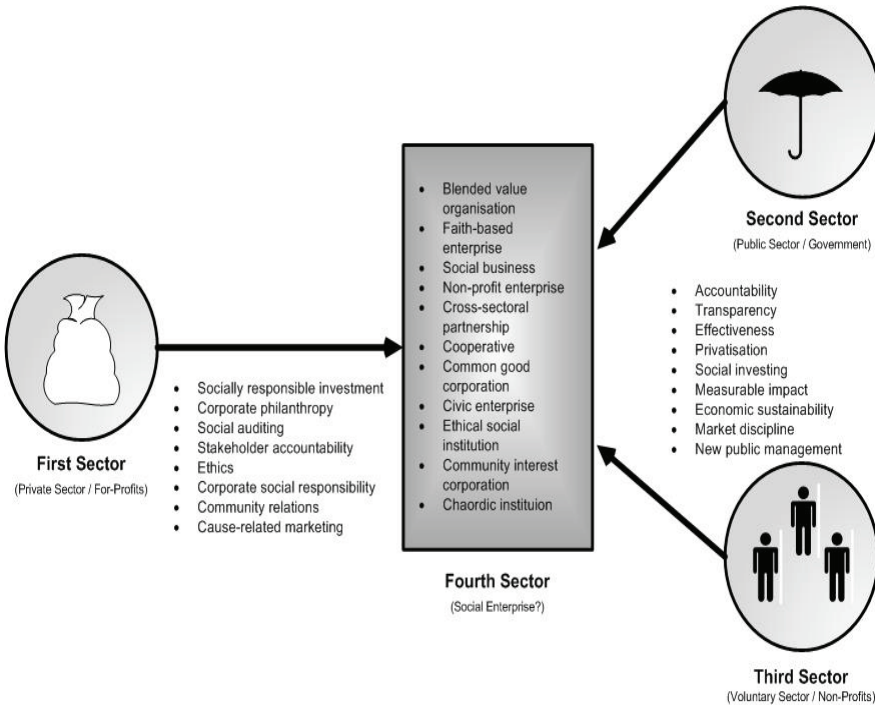


Figure 5: The Emerging Hybrid Models of the Fourth Sector

Source: based on Sabeti & Sector Network Concept Working Group (2009: 7-8)

Despite the obvious differences in typology, social enterprise traditions have three aspects in common: sociality or the pursuit of social objectives as a core function; market orientation, using business principles to organise their activities; and innovation, which is key to entrepreneurialism (after Nicholls & Cho 2006). These dimensions are also reflected in the concept of Indigenous entrepreneurship, which similar to the concepts of entrepreneurship (Dana 1996) and social entrepreneurship (Borzaga & Defourny 2001) lacks definitional clarity (Paredo & Anderson 2006), compounded by difficulties in defining indigeneity (Frederick 2008).

Marginality theory (e.g., Merton 1975), as argued by Frederick (2008), suggests enterprising activities to be more common among disadvantaged communities who seek to overcome socio-economic exclusion. Accordingly, Indigenous people might be considered more likely to start up a business venture in light of their experience of exclusion and discrimination (Hindle & Moroz 2009). On the face of it, this theory does not hold in the Australian context as systemic Indigenous disadvantage and cultural traditions has not translated into the strong uptake of Indigenous business ventures. At the same time, Indigenous Australians face a formidable list of barriers for setting up enterprising activities, which include geographic, cultural and economic disadvantage as well as political

and structural hurdles (see Cape York 2005; European Commission 2003; Impax SIA Consulting 2001). Thus, the absence of large numbers of Indigenous businesses in Australia may need to be seen as a function of systemic disadvantage as opposed to a lack of entrepreneurial drive.

While Indigenous entrepreneurship may simply be understood as entrepreneurial activities carried out by Indigenous people (Dana & Anderson 2006), it is our contention that community based Indigenous entrepreneurship in Australia is well aligned with the key tenets of social entrepreneurship with social objectives at its core ; the delivery of benefits to Indigenous communities (Lindsay 2005). These benefits go beyond important socio-economic improvements. Enterprising activities are also seen as a means of liberation and self-determination and a vehicle for social inclusion and repositioning (Foley 2003). Indeed, the meta-analysis of Indigenous enterprise by Hindle & Moroz (2009) suggests the redress of relative disadvantage to be the dominant agenda for Indigenous entrepreneurs in Australia. They define Indigenous entrepreneurship as “venture creation or the pursuit of economic opportunity or both for the purpose of diminishing Indigenous disadvantage through culturally viable and community acceptable wealth creation.” The generation of profits and income are vital in this regard for they lead to financial autonomy. Yet, they only form one of many other building blocks of Indigenous enterprise, which ensure what Hindle and Moroz (2009) call ‘cultural viability’ and ‘community acceptability’. In this context, Moylan (2008) describes five interdependent building blocks of Indigenous enterprises, which include:

- culture;
- family;
- motivations, goals and priorities;
- decision-making; and
- commercial considerations.

While Indigenous entrepreneurship does not exclude individual wealth creation, due to its foregrounding of social, community-focused aspects we consider it well aligned with social entrepreneurship. Also, Indigenous business models found in Australia’s remote Indigenous communities (Altman 2007), where customary practices are blended with commercial activities, mirror the character of the hybrid organisations ascribed to the fourth sector. It is against this background that we explore below two examples of Indigenous community focused social enterprises in Australia.

Social Business in Action: Local Experiences

The ventures of social and Indigenous entrepreneurs can take many organisational forms ranging from large publicly traded multinational companies to small local civil society institutions. The Social Enterprise World Forum held in Melbourne in 2009, which showcased successful social enterprises in the region, confirmed that the purpose and processes of social enterprise have a wide variation in their meaning to people. Nonetheless, in spite of these differences, as suggested by

Rangan, Leonard and McDonald (2008), the universal measure of social enterprise performance appears to be their 'social impact'; how well businesses mitigate the problem identified in their mission. We have cited two examples of successful case studies within the broad spectrum of Indigenous social enterprise below.

Prescribing solutions for social and economic difficulties faced by Indigenous communities through enterprise creation is a complex process, and there is no 'one size fits all' template that can be implemented due to differences in local conditions and community expectations. The first example refers to the Fred Hollows Foundation-Jawoyn Association Nyirranggulung Nutrition Project, undertaken in 2000-2003 in the Katherine East Region of the North Territory, which represents a case of working effectively within a local context (Sullivan et al. 2005). The Fred Hollows Foundation (FHF) signed a memorandum of understanding with the communities of Wugularr, Barunga, Manyallaluk and Bulman to assist them to promote healthy eating and redesign their stores to complement this. While the FHF employed nutritionists and partnered with a major supermarket retailer who provided a store consultant, the project outcomes were to ensure ownership and control of the enterprise remained with the communities. Sullivan et al (2005) carried out an evaluation of the FHF partnership project and for the purposes of this paper, we will refer to their comments on the community store project.

Nutrition in isolated Indigenous communities is generally poor and limited by the availability of fresh and healthy food choices and lack of education as to what comprises a healthy diet. Community members rely on their local 'store' for everyday items, supplemented by shopping trips to major towns to access a larger variety of goods and services. In many communities, stores are leased by individuals and thus lack connections to increased buying power and the ability to carry and store a wide range of fresh food. The Stores Consultant (an experienced supermarket manager) worked with the Wugularr community store committee to improve practices in the store with regard to layout, training, financial accountability and promotion and proper storage of a variety of healthy food stuffs including on the job training of the store manager and other employees in the Woolworths Supermarket in Katherine. This training and store development worked alongside the nutrition program by revamping the 'fast food' takeaway menus to more healthy choices and assisting the Women's Centre to provide meals for school children and the aged (Sullivan et al. 2005).

The Store Consultant worked with the community on an ongoing basis to implement the changes at the store and to support the community's appointed store manager. The success of this project depended on the ability of the experts to convey knowledge and information to the community members and, importantly, to listen to and understand the desires of the community. Some problems were encountered with regard to employee turnover, understanding of financial practices and trying to implement too much too soon. It was also apparent that a strong store committee needed to be representative of the community as a whole and that for the store and the wider project to succeed, the community needed to understand the financial and health implications for their community. The FHF successfully addressed this by introducing the Money Story

which presents financial information in a manner which does not rely on literacy and numeracy and “enables people with limited formal education to make financial decisions about their organisations, based on current accounting data. The program was developed by Hugh Lovsey of Little Fish/Pangaea” (Sullivan et al. 2005).

Sullivan et al. (2005) provide a comprehensive evaluation of this store program and list some of the issues identified with working with Indigenous communities including the readiness of individuals to be involved; availability of educational opportunities to develop appropriate skills; cross cultural awareness on the part of outsiders to ensure that the community supports programs and takes ownership. Indigenous community relationships are complex and not easily understood by European ‘experts’, with much respect given to Elders who must be included in all projects at the beginning stages and who may then devolve responsibility to other community members (Day 2009). The program was successful in many respects but successful transference of the store concept to partner communities proved more difficult due to issues raised when entering an Indigenous community and implementing new ideas.

The second example is a case from east Arnhem Land where ongoing entrepreneurial activities appear to bear the hallmarks of social enterprise. While the case is subject to further inquiry, preliminary insights suggest that local communities have been successful in harnessing local skills and capacity to carry out community-orientated ventures. The case reported here describes a successful housing construction project carried out by Gumatj community members, who represent one of the 13 Yolngu clans in the region (for a detailed description see Pearson & Helms 2010). The project entailed the construction of a five room bunkhouse at the Garrathiya cattle station located 100 km south of Nhulunbuy. The project is noteworthy since it was commenced and completed against the backdrop of the controversial former Howard government’s 2007 Intervention in the Northern Territories of Australia, which - inter alia - sought to improve Indigenous housing and saw large sums of federal government money spent without successfully addressing the acute housing shortage (Mercer 2009; Toohey 2009).

The local housing project was a community-based venture (after Peredo & Chrisman 2006) embedded in existing social structures and cultural connections with the country. The local arrangements represent an amalgam of customary and commercial activities and mirror what Altman (2007) describes as hybrid economies in Australia’s remote communities. Construction timber was harvested locally, sourced from the savannah forest on community-owned land using a mobile timber mill. Participants worked on their own ancestral lands with other community members, with the opportunity and flexibility to go hunting and fishing, while gaining valuable job skills and cultural benefits. At the core of the venture was the goal to build accommodation for five community members who worked at the Garrathiya cattle station, who until then had been living in 30-year old sea containers. In contrast, economic rewards, while a factor, were found to be a peripheral aspect of the project (Pearson & Helms 2010).

The project was largely funded by the Gumatj Corporation through the receipt of mining royalties and enjoyed outside support garnered by community

leaders. Established industry links to Forestry Tasmania ensured appropriate training of community members and instruction in the timber production processes. Construction drawings and milled timber lists were provided by the Architectural School of the University of Tasmania. Links to and support from the three levels of government (Federal, State, Local) ensured logistical support and reductions in red tape as well as government subsidies.

The bunk house was completed in 2009 at a cost of less than AUS\$200 000. The construction of comparable accommodation in the East Arnhem Land region is usually undertaken by non-Indigenous, non-local companies, using resources and building materials sourced from further afield. Therefore, the construction cost of a similar accommodation would usually be in the order of AUS\$800 000. Overall, the housing project was not only completed more quickly and at a lower cost compared to conventional projects, it also served the purpose of creating community involvement, skill transfer as well as direct and indirect economic benefits accrued in a culturally sensitive manner (Pearson & Helms 2010).

Discussion

The examples above illustrate the various forms social enterprises can take. While partnerships with corporations can be effective in addressing community needs, they are dependent on partner organisations such as FHF to provide acceptance, penetration and, most importantly, deliver positive social impacts. In the absence of such partnerships, the involvement of corporations with poor and disadvantaged communities harbours the risk of being culturally insensitive and potentially exploitative and of companies being unable to gain access to communities in need. In addition, corporate engagements with disadvantaged communities in countries like Australia often form part of contractual arrangements (e.g., mining lease agreements) or are usually philanthropic and strategic in nature with companies seeking reputational and other commercial benefits (Centre for Corporate Public Affairs 2007). Concerns about problems such as these fuel the BoP debate today (e.g., Karnani 2007).

Similarly, government-led programmes are often problematic for they seek to ‘mainstream’ or ‘normalise’ disadvantaged communities through skill and employment initiatives which foster what Altman (2007: 1) refers to as the “orthodox engagement with the market either through sale of labour or through operation of commercial business”, this being conventional for-profit ventures. Programmes such as these promulgate a free market ethic, which is prone to miss the mark of acceptability with communities who lack a sufficient economic base and/or have strong cultural attachments. In the Indigenous context these attachments often translate into strong community orientation and sense of collectivism which are in stark contrast to the individualistic, market orientation found within the dominant western culture (Altman 2000; Schwab 1995). Aspects of control and contextual fit are thus vital. In this regard both cases have illustrated how the respective ventures were able to generate local acceptance but also maintain local control whilst helping build local capacity and triggering community engagement.

The FHF initiative showed how careful facilitation enabled communities to have ultimate responsibility for owning and making the community stores work. The Gumatj housing project illustrated how through the combination of community internal initiative and outside assistance community members could participate in the local community on their terms and in ways that were compatible with their attachment to land and culture. Interestingly, the Gumatj housing project proved to be more efficient, to borrow a western market-orientated term, concerning project completion and more cost effective when compared to conventional non-Indigenous-run housing projects. In addition, the project led to both direct and indirect community benefits, which conventional skill and employment programmes tend not to achieve. Also motivationally, community-orientated programmes provide a stronger sense of ownership, control and belonging in contrast to initiatives that target individuals.

Projects such as community stores or community housing provide participants with the skills in demand within the formal economy. Arguably, conventional 'mainstreaming' programmes seek to accomplish similar outcomes, yet in the belief that the free market will reward the efforts of those who take responsibility for their economic future. The difference is, and this is why we argue in favour of hybrid, fourth sector approaches to dealing with relative poverty and disadvantage, that socio-entrepreneurial ventures, especially those that are community driven, can be mindful of contexts such as culture, history and local settings. We thus deem them more likely to offer targeted and more suitable opportunities for disadvantaged people to become involved in mainstream market activities. This is not to suggest that the ongoing, or even increased, involvement of the traditional sectors is not required. Nor are we suggesting that fourth sector models will prove to be financially viable or socially acceptable by default. In fact, the examples cited earlier still need to prove their long-term effectiveness. What fourth sector ventures model, however, is a different way of engaging with communities in need, which in turn may offer insights to actors operating within the traditional sectors. The seeming social effectiveness of these ventures is what sets them apart from conventional development-focused initiatives which typically foreground factors such as employability and income generation, assuming that social benefits will follow. Fourth sector models, in our estimation, reverse this formula by placing emphasis on social and community benefits which will translate into socio-economic improvements. While there are obvious unanswered questions concerning the transferability of such hybrid models as well as their economic footing and longevity, we hope to have illustrated the potential the fourth sector harbours within as well as outside the BoP context.

Earlier parts of this paper described the extent and drivers of relative poverty and disadvantage experienced by segments of Australian society. It was made plain that considerable scope exists for social and Indigenous enterprise in light of the growing needs of disadvantaged communities in this country. While we do suggest that relative poverty in Australia is comparable with the extreme poverty experienced in developing countries, we consider current trends in inequality and growing disadvantage a matter of concern and area in need of attention. In this regard, the exemplar cases illustrated how social enterprising can result in

positive social impacts, underscoring the argument for the potential of fourth sector ventures. At present, however, 'for-benefit' organisations face institutional barriers, which potentially prevent their establishment and growth.

Neoliberal policy prescriptions, which have dominated Australian politics in recent decades, continue to favour an individualistic and pro-growth approach when dealing with disadvantage. This policy approach finds expression in rural and remote Australia where people who lack economic opportunity are called upon to relocate to places where such opportunities can be found (Altman 2007). This form of labour migration is currently being reintroduced in the Northern Territories, with a view to relocate communities living in remote so-called 'outstations' to regional centres to enhance their chances of employment and socio-economic improvements. It is policy approaches such as these that leave little room for alternative models to be tested in remote Australia and disallow the creation and coexistence of community-based hybrid economies. Also, Australia's taxation system merely distinguishes between first sector and third sector organisations, excluding alternative models which for example would allow for limited profit distribution as can be observed in parts of Europe (Kerlin 2006). Yet, with the taxation of third sector organisations in Australia currently under review (Third Sector 2009), it is hoped for that changes in taxation law will enable the establishment, growth and maturation of fourth sector ventures.

Conclusion

Overall, we hope to have provided stimulation for debate on the role and future of Indigenous and social enterprises within the BoP context and offered insights into their potential in addressing increasing levels of relative poverty in high income countries. As the fields of social and Indigenous entrepreneurship are still relatively young, they make fertile ground for academic work and discussion.

In particular, we see merit in the empirical investigation of the social and cultural efficacy of social and Indigenous enterprises and the degree to which they can act as drivers of social and inclusion and cultural acceptance. Empirical testing is also required of the economic base of fourth sector ventures coupled with an exploration of alternative uses for royalty schemes and government subsidies in support of fourth sector activities. Initiatives such as these should also be coupled with an examination of any structural barriers for the uptake of fourth sector business ventures (e.g., taxation systems) so as to facilitate their emergence and growth.

Finally, we consider there to be scope for cross-fertilisation between 'traditional' BoP-based research focusing on extreme poverty and work in the area of relative disadvantage. While we do not wish to suggest that attention be shifted away from those with arguably the strongest need for attention, complementarities and overlaps between research in the areas of extreme and relative disadvantage may well exist. In this regard, we see scope for social enterprise experiences to be transferrable and lessons learnt from BoP communities to be of relevance for disadvantaged communities in countries like Australia. For example, the concept of micro-credit, as modelled by Grameen

Bank in Bangladesh, is now widely applied across the world in both developing and developed countries.

Overall, our attempt here was to instigate discussion and debate on what we consider concepts and ideas that challenge as well as enrich our understanding of commerce and development as means of addressing relative poverty and disadvantage. Much needed empirical work in the area will hopefully enable us in future to test whether our inclinations were well-founded and whether these concepts have wider applications.

References

- Aiken, M 2006, 'Towards market or state? Tensions and opportunities in the evolutionary path of three UK social enterprises', in M Nyssens (ed.), *Social enterprise: At the crossroads of market, public policies and civil society* Routledge, New York, pp. 259-71.
- Alter, K 2007, *Social enterprise typology*, Virtue Ventures, Washington, DC.
- Altman, JC 2000, *The economic status of Indigenous Australians* (CAEPR Discussion Paper No. 193), Centre for Aboriginal Economic Policy Research - The Australian National University, Canberra.
- Altman, JC 2007, *Alleviating poverty in remote Indigenous Australia: The role of the hybrid economy*. Topical Issue No. 10/2007, Centre for Aboriginal Economic Policy Research, ANU, Canberra.
- Arthur, L, Scott Cato, M, Smith, R & Keenan, T 2006, 'Where is the social in social enterprise?', in 4th Annual Social Enterprise Research Conference, London, 4th-5th July.
- Australian Bureau of Statistics 2003, *Revised household income distribution statistics* [Cat.No. 1350.0], ABS, Canberra.
- Australian Bureau of Statistics 2009, *Household income and income distribution, Australia, 2007-08* [Cat.No. 6523.0], ABS, Canberra.
- Australian Bureau of Statistics & Australian Institute of Health and Welfare 2008, *The health and welfare of Australia's Aboriginal and Torres Strait Islander peoples*, ABS & AIHW, Canberra.
- Australian Medical Association 2008, *Australian Medical Association report card series. Aboriginal and Torres Strait Islander health: Ending the cycle of vulnerability*, AMA, Barton, ACT.
- Blyth, A 2005, 'Business behaving responsibly', *Director*, vol. 59, no. 1, p. 30.
- Boese, M & Scutella, R 2006, *The brotherhood's social barometer. Challenges facing Australian youth*, Brotherhood of St Laurence, Fitzroy, Vic.
- Borzaga, C & Defourny, J (eds.) 2001, *The emergence of social enterprise*, Routledge, London.
- Bull, M 2008, 'Challenging tensions: critical, theoretical and empirical perspectives on social enterprise', *International Journal of Entrepreneurial Behaviour & Research*, vol. 14, no. 5, pp. 268-75.
- Calder, J 2008, 'Mobilizing human energy', in G Gardner & T Prugh (eds), *State of the world 2008*, Worldwatch Institute, Washington, DC, pp. 169-80.

- Cape York 2005, Cape York Indigenous employment strategy: "Local jobs for local people", Kleinhardt-FGI Pty Ltd: Business Mapping Solutions Pty Ltd.
- Carson, E & Kerr, H 1988, 'Social welfare Down Under', *Critical Social Policy*, vol. 8, no. 23, pp. 70-82.
- Castles, FG 2001, 'A farewell to Australia's welfare state', *International Journal of Health Services* vol. 31, no. 3, pp. 537-44.
- Centre for Corporate Public Affairs 2007, *Corporate community investment in Australia*, CCPA, Melbourne.
- Chatterjee, S in print, 'Multinational firm strategy and global poverty alleviation: Frameworks and possibilities for building shared commitment', *Journal of Human Values*.
- Cheema, GS 2005, *Building democratic institutions: Governance reform in developing countries*, Kumarian Press, Bloomfield, CT.
- Chell, E 2007, 'Social enterprise and entrepreneurship. Towards a convergent theory of the entrepreneurial process ', *International Small Business Journal* vol. 25, no. 1, pp. 5-26.
- Chen, S & Ravallion, M 2008, *The developing world is poorer than we thought, but no less successful in the fight against poverty*, World Bank, New York.
- Dana, L 1996, 'Self-employment in the Canadian sub-arctic: An exploratory study', *Canadian Journal of Administrative Sciences*, vol. 13, no. 1, pp. 65-81.
- Dana, L & Anderson, R (eds.) 2006, *International handbook of indigenous entrepreneurship*, Edward Elgar, Cheltenham, UK.
- Dart, R 2004, 'The legitimacy of social enterprise', *Nonprofit Management and Leadership*, vol. 14, no. 4, pp. 411-24.
- Davis, J 2009, *An overview of current conceptions of social enterprise in Western Australia*, Business Dissertation, Curtin University of Technology.
- Dawkins, P, Gregg, P & Scutella, R 2002, 'The Australian Economic Review', 35, vol. 2, no. 133-154.
- Day, J 2009, Perth, March 5.
- Dees, JG 1996, *The social enterprise spectrum: From philanthropy to commerce*, Harvard Business School Press, Cambridge, MA.
- Dees, JG 2001, *The meaning of social entrepreneurship*, Center for the Advancement of Social Entrepreneurship - Duke University, Durham, NC.
- Denniss, R 2007, *The boom for whom? Who benefits from the WA resources boom?*, The Greens - Office of Senator Rachel Siewert, Perth.
- Elkington, J 1994, 'Towards the sustainable corporation: Win-win-win business strategies for sustainable development', *California Management Review*, vol. 36, no. 2, pp. 90-100.
- European Commission 2003, *Building the information society in Europe: A pathway approach to employment interventions for disadvantaged groups*, Itech Research, Dublin.

- Evers, A 2001, 'The significance of social capital in multiple goal and resource structure of social enterprises', in C Borzaga & J Defourny (eds), *The emergence of social enterprise*, Routledge, London, pp. 296-311.
- FaHCSIA 2009, *A National Compact with the Third Sector*. Retrieved 5th November, from <http://www.fahcsia.gov.au/sa/communities/progserv/nationalcompact/Pages/default.aspx>
- Feiss, C 2009, 'Social enterprise - the fledgling fourth sector', *Financial Times* [on-line], 15th June.
- Foley, D 2003, 'An examination of Indigenous Australian entrepreneurs', *Journal of Developmental Entrepreneurship*, vol. 8, no. 2, pp. 133-51.
- Frederick, HH 2008, 'Introduction to special issue on indigenous entrepreneurs', *Journal of Enterprising Communities*, vol. 2, no. 3, pp. 185-91.
- Gray, M, Healy, K & Crofts, P 2003, 'Social enterprise: is it the business of social work?', *Australian Social Work*, vol. 56, no. 2, pp. 141-53.
- Harding, A, Lloyd, R & Greenwell, H 2001, *Financial Disadvantage in Australia – 1990 to 2000*, The Smith Family, Sydney.
- Hardy, R 2004, 'Social enterprise the new economic engine', *Business Strategy Review*, vol. 15, no. 4, pp. 39-43.
- Hart, SL 2005 *Capitalism at the crossroads*, Wharton School Publishing, Upper Saddle River.
- Hindle, K & Moroz, P 2009, 'Indigenous entrepreneurship as a research field: Developing a definitional framework from the emerging canon', *International Entrepreneurship and Management Journal*. Available online: <http://dx.doi.org/10.1007/s11365-009-0111-x>.
- Human Rights and Equal Opportunity Commission 2003, *Social justice report*, Human Rights and Equal Opportunity Commission, Canberra.
- Hunter, B (ed.) 2006, *Assessing the evidence on Indigenous socioeconomic outcomes: A focus on the 2002 NATSISS*, ANU E Press, Canberra.
- Impax SIA Consulting 2001, *Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade, trade Sub-Committee Enquiry. Enterprising Australia – Planning, preparing and profiting from trade and investment*, Impax SIA Consulting, Brisbane, Queensland.
- Jenkins, R 2005, 'Globalization, corporate social responsibility and poverty', *International Affairs*, vol. 81, no. 3, pp. 525-40.
- Jenkins, SP & Micklewright, J 2007, *Inequality and poverty re-examined*, Oxford University Press, Oxford.
- Jones, MA 1996, *The Australian welfare state*, Allen & Unwin, Crows Nest, NSW.
- Jones, MA 2007, 'Unpacking social enterprise. A discussion paper', Public forum with a focus on youth, enterprise and Indigenous affairs, 14th August, Sydney.
- Jose, PD 2006, 'Rethinking the BoP: A critical examination of current BoP models', in *Workshop at the Centre for Business Relationships, Accountability, Sustainability and Society (BRASS)*, Cardiff University, 3rd April.

- Kandachar, P & Halme, M (eds.) 2008, *Sustainability challenges and solutions at the base of the pyramid: Business, technology and the poor*, Greenleaf Publishing, Sheffield.
- Karnani, A 2007, 'The mirage of marketing to the bottom of the pyramid. How the private sector can help alleviate poverty', *California Management Review*, vol. 49, no. 4, pp. 90-111.
- Kerlin, JA 2006, 'Social enterprise in the United States and Europe: Understanding and learning from the differences', *Voluntas*, vol. 17, pp. 247-63.
- Kettl, DF 2000, 'The transformation of governance: Globalization, devolution, and the role of government ', *Public Administration Review*, vol. 60, no. 6, pp. 488-97.
- Landrum, NE 2007, 'Advancing the 'base of the pyramid' debate', *Strategic Management Review*, vol. 1, no. 1, pp. 1-12.
- Leigh, A 2007, *The distribution of top incomes in Australia*, The Australian National University, Canberra.
- Lindsay, NJ 2005, 'Toward a cultural model of indigenous entrepreneurial attitude', *Academy of Marketing Science Review*, vol. 5. Available: <http://www.amsreview.org/articles/lindsay05-2005.pdf>.
- London, T 2007, *A base-of-the-pyramid perspective on poverty alleviation (Growing inclusive markets working paper series)*, United Nations Development Program, Washington, DC.
- Markus, A 1994, *Australian race relations 1788-1993*, Allen & Unwin, Sydney.
- Meagher, G & Wilson, S 2008, 'Richer, but more unequal: Perceptions of inequality in Australia 1987-2005', *The Journal of Australian Political Economy*, vol. 61, no. June, pp. 220-43.
- Melbourne Institute of Applied Economic and Social Research 2009, *Poverty lines: Australia June Quarter 2009*, University of Melbourne, Melbourne.
- Mercer, P 2009, 'Delays hit Aboriginals homes plan', *BBC News*, 5th September. Retrieved 1st November, from <http://news.bbc.co.uk/2/hi/asia-pacific/8239402.stm>.
- Merton, RK 1975, *Social theory and social structure*, Free Press of Glencoe, Glencoe, IL.
- Moylan, L 2008, 'Aboriginal enterprise implications for government and industry', in *Desert Knowledge Symposium*, Alice Springs, NT, 3rd - 7th November.
- Narayan, D 2000, *Voices of the poor: Can anyone hear us?*, Oxford University Press & World Bank, Oxford, UK.
- New South Wales Department of Education and Training & Charles Sturt University 2009, *Social justice & human rights issues: A global perspective* Retrieved 21st December, from http://www.hsc.csu.edu.au/ab_studies/rights/global/social_justice_global/sjwelcome.status.front.htm
- Nicholls, A 2006, *Social entrepreneurship: New models of sustainable social change*, Oxford University Press, New York.

- Nicholls, A & Cho, AH 2006, 'Social entrepreneurship: The structuration of a field', in A Nicholls (ed.), *Social entrepreneurship. New models of sustainable social change*, Oxford University Press, New York.
- Nyssens, M & Kerlin, J 2005, *Social enterprise in Europe*, Unpublished paper.
- Office of the Third Sector 2009, *Office of the Third Sector supports government departments to explore social enterprise ideas*. Retrieved 5th November, from http://www.cabinetoffice.gov.uk/third_sector.aspx
- Organisation for Economic Cooperation and Development 2009a, 2009 OECD Factbook, OECD, Paris.
- Organisation for Economic Cooperation and Development 2009b, *Pensions at a glance 2009. Retirement-income systems in OECD countries*, OECD, Paris.
- Pantazis, C, Gordon, D & Levitas, R 2006, *Poverty and social exclusion in Britain: the millennium survey*, The Policy Press, Bristol.
- Paredo, AM & Anderson, RB 2006, 'Indigenous entrepreneurship research: Themes and variations', *International Research in Business Disciplines*, vol. 5, pp. 253-73.
- Pearson, CAL & Helms, K 2010, 'Building social entrepreneurship in a remote Australian indigenous community: the East Arnhem land housing construction case', *Journal of Australian Indigenous Issues* vol. 13, no. 4, pp. 2-18.
- Pedersen, ER 2006, 'Making corporate social responsibility operable: How companies translate stakeholder dialogue into practice', *Business and Society Review*, vol. 112, no. 2, pp. 137-63.
- Peredo, AM & Chrisman, JJ 2006, 'Toward a theory of community-based enterprise', *Academy of Management Journal*, vol. 31, no. 2, pp. 309-28.
- Pierson, P 1994, *Dismantling the welfare state? Reagan, Thatcher and the politics of retrenchment*, Cambridge University Press, Cambridge.
- Prahalad, CK 2004, *The fortune at the bottom of the pyramid*, Wharton School Publishing, Upper Saddle River, NJ.
- Prahalad, CK & Hart, SL 2002, 'The fortune at the bottom of the pyramid', *Strategy + Business*, vol. 26, pp. 1-15.
- Pusey, M 1991, *Economic rationalism in Canberra: a nation-building state changes its mind*, Cambridge University Press, Cambridge.
- Pusey, M 2003, *The experience of middle Australia: the dark side of economic reform*, Cambridge University Press, Cambridge.
- Rangan, V, Leonard, H & McDonald, S 2008, *The future of social enterprise*. Harvard Business School Working Paper No. 08-103. Harvard Business School, Boston.
- Rhodes, ML & Donnelly-Cox, G 2008, 'Social entrepreneurship as a performance landscape: The case of "front line"', *Emergence: Complexity and Organization*, vol. 10, no. 3, pp. 35-50.
- Sabeti, H & Sector Network Concept Working Group 2009, *The emerging fourth sector*, The Aspen Institute, Washington, DC.
- Saunders, P 2003, *Examining recent changes in income distribution in Australia (SPRC Discussion Paper No. 130)*, Social Policy Research Centre - University of New South Wales, Sydney.

- Schwab, RG 1995, *The calculus of reciprocity: principles and implications of Aboriginal sharing* (CAEPR Discussion Paper No. 100), Centre for Aboriginal Economic Policy - The Australian National University, Canberra.
- Seanor, P, Bull, M & Ridley-Duff, R 2007, 'Mapping social enterprise: Do social enterprise actors draw straight lines or circles?', in 4th Annual Social Enterprise Research Conference, London, 4th-5th July.
- Senate Standing Committee on Community Affairs 2004, *A hand up not a hand out: Renewing the fight against poverty* (Report on poverty and financial hardship) Commonwealth of Australia, Canberra.
- Stilwell, F & Jordan, K 2007, *Who gets what? Analysing economic inequality in Australia*, Cambridge University Press, New York.
- Sud, M, van Sandt, CV & Baugous, AM 2009, 'Social entrepreneurship: The role of institutions', *Journal of Business Ethics*, vol. 85, no. Supplement pp. 201-16.
- Sullivan, K, Colyer, C, Johnston, L, McCarthy, L & Willis, J 2005, *Evaluation of the Nyirranggulang East Katherine nutrition project*, The Fred Hollows Foundation, Rosebery, NSW.
- The Physical Disability Council of Australia 2003, *Senate Inquiry into poverty in Australia. A response from The Physical Disability Council of Australia Ltd*, The Physical Disability Council of Australia Ltd, Northgate, Qld.
- Third Sector 2009, *Productivity Commission to review the contribution of NFPs*. Retrieved 30th December, from http://thirdsectormagazine.com.au/news/productivity_commission_to_review_the_contribution_of_nfps/00298/
- Toohey, P 2009, 'Roadblock on remote housing as progress stables on Indigenous response. ', *The Australian*, 4th July Retrieved 7th November, from <http://www.theaustralian.news.com.au/story/0,25730613-2702,00.html>.
- Townsend, P 1987, 'Deprivation', *Journal of Social Policy*, vol. 16, pp. 125-46.
- UNICEF 2007, *Child poverty in perspective: An overview of child well-being in rich countries. A comprehensive assessment of the lives and well-being of children and adolescents in the economically advanced nations*, UNICEF Innocenti Research Centre, Florence.
- United Nations 2000, *United Nations millennium declaration*, UN, New York.
- United Nations 2009, *The millennium development goals report*, United Nations Department of Economic and Social Affairs, New York.
- Vinson, T, Rawsthorne, M & Cooper, B 2007, *Dropping off the edge: the distribution of disadvantage in Australia*, Jesuit Social Services, Richmond, Vic.
- Walsh, J, Kress, J & Beyerchen, K 2005, 'Book review essay: Promises and perils at the bottom of the pyramid / The fortune at the bottom of the pyramid: Eradicating poverty through profits', *Administrative Science Quarterly*, vol. 50, no. 3, pp. 473-82.
- Walter, M 2009, 'An economy of poverty? Power and the domain of Aboriginality', *International Journal of Critical Indigenous Studies*, vol. 2, no. 1, pp. 2-14.

- Weatherley, R 1994, 'From entitlement to contract: Reshaping the welfare state in Australia', *Journal of Sociology & Social Welfare*, vol. 21, no. 3, pp. 153-73.
- Westall, A & Chalkley, D 2007, *Social enterprise futures*, The Smith Institute, London.
- Western Australian Council of Social Service 2009, *The boom is busted for 400,000 of us*, WACOSS, Perth.