

PAPER 2: Reframing Identity: A Changing Social Care Sector

What are the Zakumi Orange Papers?

Zakumi has a long and successful history in the social care sector and produces quarterly opinion papers on topics and issues of relevance to the sector. These are intended to provide insights that may stimulate further conversations or actions. Please feel free to share them with others in the hope they will spark new thinking and discussion.

Over the past five or so years, we have heard increasingly more about the “different” types of organisations in the social care sector. Initially we were all not-for-profits and somewhat differentiated from “others” by virtue of the fact that the “objectives” of the enterprise were different; they were not established to make a profit whereas those in the for-profit world, were so.

What we do know is that the “independent” sector has influenced social policy, which has in turn influenced the look and positioning of organisations in the business of social care.

By the turn of the 20th century we saw the emergence of the charitable sector with a large range of independent organisations being established by “well-to-do community” leaders. These charities gained momentum throughout the early part of the twentieth century and were able to influence government to take on the responsibility of funding and providing a range of social care services (e.g., schools, hospitals, emergency relief such as food).

By the mid to late 1900’s we began to see a growth in the voluntary movement and the establishment of voluntary organisations, commonly referred to as the non-government sector. These organisations were eclipsed by the large government organisations who were responsible for not only funding but also providing, developing, monitoring and evaluating social care services.

Thereafter we saw another change when it was realised that a number of these not-for-profits were quite large and in fact did make a profit. It was then determined that the making of a profit itself was not the differentiator, but how you chose to use it. If it was directly applied to scale or strengthening your purpose, as opposed to enhancing shareholder value/wealth, then a clear difference still existed. Thus we saw the birth of for-purpose organisations.

In the early part of the new millennium, as the structure of the social sector changed and competition for resources became the order of the day, it started to look a lot more like the for-profit scene. Organisations determined that the generation of revenue from sources other than government was a legitimate way to shore up sustainability. What differentiated this form of commercial exercise from the for-profits was the environment and drivers behind it – these were not-for-profit organisations seeking to do more through the receipt of alternative revenue. This was a deliberate strategy and was taking place in a legitimate and valuable component of the economy. We began to use a new name, Third Sector Organisations.

The definition of Third Sector organisations has survived for a while and we haven’t seen a great need to change as it is a broad based definition of the types of organisations that are associated with the social care sector. Generally, it is the term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and

community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and co-operatives.

In the main, they are independent of government; an important part of the history and culture of the sector; are 'value-driven'; and reinvest any surpluses generated in the pursuit of their goals. They may take a number of legal forms, some are simple associations of people with shared values and objectives; others have the status of a company status but with a "not-for-profit approach".

The next iteration led to the naming of organisations as being "hybrids" – those that are both for-profit and for-purpose" and those that are "for-benefit". For-benefit enterprises are those whose two primary characteristics distinguish them from others: a commitment to social purpose and a reliance on earned income. The theory is that the organisation should be explicit about the fact that one is doing so, because there is no legal structure called a for-benefit organisation", they usually stem from a not-for-profit. This "change in purpose" can confuse stakeholders (members, workers etc.) which is why many for-benefits attempt to distinguish themselves through branding or product messaging, invoking terms such as "social enterprise," "sustainable business," "fair trade," and "green."

Now, we have the fourth sector, which whilst not seeking to replace for-profits, governments, or not-for-profits, is attempting to fill the gaps created by the failure of the three-sector model. It is perhaps a more natural evolution of the market or a reflection of the changed expectations of all the stakeholders, but it is now a re-branded and accepted sector in the economy or market.

Essentially, we are seeing a number of societal, government and demand reforms that are all impacting on how we, (human beings) organise ourselves to meet the needs of people, planet and animals in different ways. It's a very different operating context than it was a decade ago.

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