



Insights Report

Scaling the employment outcomes of work
integration social enterprises (WISEs):
Perspectives from practice experts



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Soheyila, employee at The Social Outfit

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Conversations at the inaugural Social Enterprise Jobs Summit.
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Acknowledgement of Country

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More information | More information about the project can be found here: '[Activating Employment Futures Through Work Integration Social Enterprise](#)'.



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Introduction

There is growing interest in whether and how work integration social enterprises (WISEs) can scale the employment outcomes they create for people facing the greatest barriers to work.

WISEs are hybrid organisations that combine a social mission with commercial activity to create employment and pathways into employment for people and places experiencing barriers to work. Past research has shown that some WISE models generate employment and other outcomes for people seeking employment more successfully than other approaches (Lysaght et al., 2024; Leslie et al., 2024). These outcomes can be affected by the markets and industries in which WISEs operate, the quality of their partnerships and governance, and the systemic barriers experienced both by the people they seek to help and WISEs themselves. However, little is known about how their approaches can be scaled to address the needs of greater numbers of people excluded from work.

This insights report is the third in a series from the '*Activating Employment Futures Through Work Integration Social Enterprise*' (LP220100323) project, which seeks to share knowledge about scaling the employment outcomes of WISEs in Australia. Drawing on a roundtable with 17 experts from across the WISE ecosystem, this report focuses on current pathways WISE leaders use to grow employment outcomes for people experiencing barriers to work, the conditions that enable this scalability, and the challenges involved. Participants included founders, leaders and directors of WISEs, and people from intermediary and funding organisations. Previous insights reports from this project focused on the perspectives from policymakers and the employment services ecosystem (Sykes et al., 2024) and recent policy debates related to WISEs (Khan et al., 2024). The next stage of the project will seek to better understand WISE models of scaling employment outcomes and the experiences of people WISEs seek to support and WISE partners.



BackTrack Works staff are scaffolded through their training and employment goals, with BackTrack's holistic model of youth work and wellbeing.

Strategies for scaling WISE employment outcomes

It is widely recognised that scaling business operations and scaling outcomes are not the same thing. However, they are linked. Roundtable participants reflected that **rightsizing their businesses** – to ensure they had the organisational sustainability needed to enable the employment outcomes they existed to create – was central in deciding when and how to grow their businesses. There is no single recipe for rightsizing because there is no single model of WISE¹, and growth goals, contexts and approaches vary.

Strategies for scaling WISE businesses to grow employment outcomes described included:

» **Increasing job opportunities and business sustainability through 'anchor contracts'**

Several participants reflected that securing larger and longer-term contracts with local or state governments or private firms was a preferred strategy for establishing sustainability, both of the WISE business and the targeted jobs and/or training they could offer. However, scaling business does not always mean immediate or

linear growth in targeted job opportunities. This is because scaling business infrastructure takes time and investment.

» **Scaling geographically through:**

- Establishing new operational sites to generate revenue and create employment opportunities in different places; and
- Mergers and acquisitions, including acquisitions and retrofitting of mainstream businesses to rapidly access needed equipment and infrastructure.

» **Growing cross-sector relationships, such as WISE-corporate programs to sustainably transition workers into mainstream employment.**

Describing one such initiative, a WISE leader reflected: *'The benefit of our...program is that myself and the team stick around and support the [target worker] and the employer for up to nine months... and [then] the employer goes, "Yep, great. [Worker's] happy, we're happy, they're gonna stay on"'*.

¹ As detailed in Insights Report 2, WISE models include those that seek to create ongoing employment for the people they seek to help within their businesses, and those that focus on creating transitional pathways into employment in other organisations (Sykes et al., 2024). Some WISEs also focus on supporting pre-employment skills and training opportunities. WISEs also work with different groups of people, in different industries, and various geographic markets.

» **Strategically broadening opportunities for target workers to take up long-term positions across operations in WISEs.**

This strategy was described as a means of creating greater employment opportunities and career paths for target workers. It was also described as a way of strengthening the WISE business model because it integrates lived expertise of employment disadvantage into WISE management. One leader whose WISE had scaled considerably in both business size and employment outcomes in recent years observed *‘there’s a whole lot of talent hidden by the stigma that’s created, which, when you blow the coal dust off you find some real treasure. So we’ve got 90% of our people who have got lived experience at all levels of the organisation...’*

» **Aggregated or collaborative efforts.**

Participants observed that scaling outcomes involves a focus on changing systems alongside scaling individual businesses and business opportunities. Examples of opportunities for ‘collective scale’ shared in the roundtable included:

- Supporting employment pathways for target workers by coordinating between local WISEs that operate at different stages of the employment journey (e.g., from pre-employment training to workplace training);
- Consortia responses by complementary social enterprises to large procurement opportunities;
- Working collectively within government trials (e.g., Australian Government Payment by Outcomes Trials) to identify and redress services systems challenges; and
- Documenting and sharing knowledge to support learning and growth.



Conversations at the inaugural Social Enterprise Jobs Summit. Photographed by Carys Hughes, All Good Creative.

Enabling conditions

Both internal organisational factors and external conditions contribute to enabling WISE to sustainably scale their employment outcomes.

Internal organisational factors

Internal factors described included:

- » **Fit-for-purpose governance and leadership capable of advancing both the social purpose of the WISE and its business activities.**

WISEs are neither traditional charities delivering welfare services² nor private for-profit corporate entities. Their governance requires a core understanding of their social purpose, combined with business acumen, some risk and innovation appetite, and sufficient agility to respond to opportunities as they arise. As one participant described it, WISEs need *'strong governance in place that's appropriate to social enterprise, [but] not necessarily Macquarie Bank if you know what I mean'*. Highlighted examples of governance and leadership approaches that support WISEs' hybrid operations included the establishment of impact committees on WISE boards and co-CEO models that simultaneously support their mission and business activities.
- » **Industry-relevant expertise and capability.**

Scaling into new industries or into new markets (for example, internationally) requires technical knowledge and industry relationships, as well as broader understanding of the regulatory, market and cultural conditions in which WISEs seek to operate. Having this expertise in-house or being able to reliably commission or partner for it supports revenue creation and reduces commercial risk.
- » **Impact-relevant expertise, including lived expertise.**

Having content and lived expertise of the employment challenge(s) WISEs seek to address can strengthen the social business model and protect against mission drift.

External conditions

External conditions enabling sustainable scaling highlighted included:

- » **Access to patient³ and appropriate forms of capital.**

In almost all examples of significant scaling described by participants, multi-year grant funding from philanthropy for operational growth, as well as specified funding of the 'impact costs'⁴ of WISE operations by government or philanthropy, played a key role. The need for capital for business expansion is certainly not unique to social enterprise, but their hybrid structures and cultures can limit their access to mainstream finance (Moran and Ward-Christie, 2022).
- » **Available business opportunities.**

In addition to securing major business contracts and/or multiyear grants in social services provision detailed above, operating in growth industries or markets was identified as a core enabler to scaling the employment outcomes of WISEs.
- » **A movement or ecosystem culture.**

While most WISE participants were centrally concerned with the development of their business and its social outcomes, some reflected that a growth in collective mindset within the social enterprise sector as a whole and between WISEs in particular helped increase their legitimacy with corporate partners and government. It also led to shared evidence to support operational practices and policy advocacy.

² Although some WISEs operate within such organisations.

³ Patient capital refers to money invested with the expectation of longer-term and/or flexible financial returns. Patient capital allows time for enterprises to focus on longer-term objectives related to their social mission rather than shorter-term or immediate profit generation.

⁴ The costs to WISEs (which are not borne by their commercial counterparts) of enabling the participation of diverse workers.

Challenges and risks

Challenges to scaling the employment outcomes of WISEs can be broadly categorised as:

- » **WISE organisational challenges;**
- » **operating environment challenges;** and
- » **systemic challenges.**

Like the social and business functions of WISEs, some of these categories overlap.

WISE organisational challenges

A central organisational challenge for WISEs, as highlighted by roundtable participants, is effectively balancing business and mission. This connects with the importance, noted above, of rightsizing business to avoid mission drift. Roundtable participants agreed that focusing on business growth without purpose in mind can sometimes undermine WISE employment outcomes. Reflecting on this, one participant described deliberately downsizing their business when they realised that significant business growth had undermined their commitment to representation within the business of the people they seek to serve:

“But you go from our target of 75% Indigenous employment and we’re back to 50 ‘cause of the risk at the scale and where you’re at. So, we’ve actually done this now pivot back to go... we’re not delivering the social outcomes, which is our whole purpose of being a social enterprise...And so we’ve dropped one of those arms which has reduced the risk. We’ve reduced those overheads and now we’re back up to our 75% Indigenous employment target’.

”

While securing major contracts was a common pathway to scaling, revenue concentration and over-reliance on major clients was viewed as risk to long-term sustainability. Reflecting on an example of rapid scaling of both business and employment outcomes, one participant observed that having a ‘big customer allowed that organisation to grow very rapidly, and now it’s about getting away from that dependency on that customer as well. So, you know, over time it becomes, “Great, we’ve got a big customer that becomes 70% of our trade. Now let’s work it down to 30% of our trade so we’re not completely dependent on that customer’.

Just as access to appropriate capital is a core enabler of scaling WISE employment outcomes, lack of access can be a significant organisational barrier. In addition to the importance of patient capital and philanthropic support discussed above, some participants suggested that the dominant use of grants for accessing external finance by social enterprises can limit WISEs’ long-term financial opportunities by, for example, affecting their credit ratings. As with the challenges of revenue concentration in large contracts, participants also observed that reliance on philanthropy could cause problems, particularly when large philanthropic foundations shift their strategic agendas.

Operating environment challenges

The core operating environment challenges identified included the general business environment and barriers within Australian labour markets. Reflecting their presence across many industries, and across business-to-business and business-to-consumer markets, WISEs are affected by broad business conditions. At the time of this research, these included the effects on consumer demand of the COVID-19 pandemic and inflated costs of living. These challenges were dampening the revenue opportunities for some WISEs and amplifying the challenges experienced by the people they seek to help. At the same time, changing policy priorities and changes to regulations in quasi-markets like employment services and the National Disability Insurance Scheme were reshaping demand (and thus, revenue opportunities) from governments.

WISEs often exist because of limitations of the mainstream labour market. Thus, for WISEs that focus on supporting transitions into mainstream jobs, these limitations can constrain what they can achieve. Roundtable participants described examples of indirect exclusion, such as lack of digital accessibility in workplaces, through to direct employer prejudice or refusal to engage with target workers.



Plate it Forward's Kyiv Social team
Viktoriia Bodnaruk and Borys Cherniak,
refugee/humanitarian entrants
from Ukraine.

Systemic challenges

The main systemic challenge identified related to funding the impact costs of operating a WISE. Who can and should pay for the impact costs of WISEs remains unresolved in Australia. Most participants reflected that the main responses to date had been patient support from philanthropy and/or WISEs absorbing greater costs than they had capacity to meet. These participants felt that governments should be better engaged with WISEs and WISEs integrated with the government employment services ecosystem, with governments subsidising the costs of the public value created by WISEs. Reflecting the entrepreneurial nature of WISE leaders, though, not all agreed, with one participant reflecting that working on the business was more effective for them than trying to move governments: *'You know, like, if I spend that...30%, 40% of my time on growing the business...we'll make more money...than I can ever get out of 40 meetings with government.'*

Other systemic challenges participants had experienced included inaccurate assumptions by public procurers, supply chain partners and corporate partners about what WISEs can do and the quality of goods and services they provide. These kinds of prejudices and norms are compounded for WISEs

that serve groups of people who are stigmatised in Australian society. As one participant reflected on working to redress the stigma and inequities experienced by First Nations peoples:

'...I've now said to, you know, philanthropy and everyone else, "Your job's to work with the system, but you also have to build my, our ecosystem from a First Nations perspective.'

”

The response highlights that, while many WISEs aim to change perceptions and mainstream business practices, systemic prejudice and norms can be foundational barriers to scaling business and employment outcomes—particularly for those serving people who are persistently excluded.

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The Beautiful Bunch trainee, Maria, making floral vase arrangements for local businesses.

Conclusion

WISEs in Australia are diverse organisations, serving a variety of people and places, operating across a range of industries and geographies.

There is no one-size-fits-all response to how WISEs can scale their employment outcomes. Core reflections provided by the practice experts in this research suggest that consolidating evidence, sharing practice and learning, collectively addressing systemic barriers, and applying entrepreneurial mindsets to change all have a role to play. Experts also underscored the importance of challenging inaccurate and prejudicial assumptions about WISEs, which can constrain scalability and often echo the systemic prejudices and norms faced by the people WISEs seek to support.

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