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## Characteristics of a Social Enterprise

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(From ALTS "Accredited Learning programmes, a UK training company)

### Definition of a social enterprise (UK Department of Trade and Industry)

*"Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximise profit for shareholders and owners."* (2004/2005)

### Characteristics

- Has clear stated social objectives that benefit the community
- Has developed creative ways to work together, usually on a "shoe string" often with a strong volunteer base
- Use trading activities to achieve goals and financial self-sufficiency
- Strive towards equality of opportunity and encourage diversity in their volunteer and paid staff teams.
- Use entrepreneurial skills of the private sector to fulfil a strong social mission.
- The governance and structure of the organisation is based on equal participation by the workforce and stakeholders rather than fulfilling shareholders demands.
- Uses a combination of funding to operate, from grants to sponsorship and free trading for example.
- Accountancy is transparent e.g. If they are a limited company by guarantee and/or registered with the charity commissioners.
- Income matches expenditure as any surplus or profit made is re-invested into the company.
- Accountability is a continuous process in the form of regular assessment and evaluation of the project or organisation particularly when using public funding
- The social benefits to the community are many and varied i.e. Economic regeneration, creation of jobs, increase in skills, confidence and qualifications
- Often social enterprises are delivering a service that public services have "outsourced"
- They have high standards of integrity and professionalism

## Typical Management

- Teams that work in a collective way: often, roles and responsibilities are shared, e.g. “Revolving chairperson”, therefore everyone involved takes responsibility for learning new skills and sharing them
- Teams work hard towards equality and everyone being involved
- Stakeholders (paid staff and volunteers) fully participate and are collaborative in their approach
- Effective communication systems are important for keeping everyone informed and consulted
- Everyone is clear of common goals, mission statement, ethos, values and culture of the organisation
- The structure is “flatter”, a team approach, learning culture or web structure
- There is a clear set of ground rules or constitution for how the organisation operates
- Everyone is valued in the organisation and this is demonstrated by the behaviour of the stakeholders
- The organisation strives towards honesty, integrity, humility and enthusiasm for making a positive difference in the community

## Links Between Private, Public and Community Enterprises

- How it fits in Private, Public and Voluntary Sectors:
  - ✓ Private: becoming more social
  - ✓ Public: becoming more independent
  - ✓ Voluntary: becoming more enterprising
- As all 3 sectors develop the idea of working together and resourcing one another there becomes a “blurring” of the edges.
- However each sector needs to be aware that any working partnerships will have to develop written contracts of service and state how the relationships are going to operate.
- It is important that roles and responsibilities are clearly defined and written down in the form of, for instance a “service level” agreement between all partners.