

## **Definition of social enterprise – Greater Manchester Social Enterprise Network**

Social enterprises are businesses that trade for the common good (a social and/or environmental purpose). They address social needs, strengthen communities, improve people's life chances, enhance culture or protect the environment.

Social enterprises include co-operatives, mutuals, community businesses, etc.

The key characteristics of a social enterprise are:

- Its primary mission is to create social and/or environmental benefit, which is set out in its governing document.
- It generates most or all of its income by selling goods and services, rather than through grants and donations.
- It is autonomous of the state and operates outside the direct influence or control of any public body or authority.
- It is majority controlled in the interests of its primary mission, and is accountable and transparent.
- It has clear rules in its governing document that its profits are reinvested in its primary mission (through the business or into the beneficiary community), rather than being distributed to shareholders or owners.<sup>1</sup>
- On dissolution, all remaining assets are reinvested in another organisation with similar aims and objectives.

New social enterprises may be at the stage of trading and profit criteria being goals rather than a reality.

### **Values**

Social enterprises are businesses based on the core values of:

- self-help
- self-responsibility
- democracy
- equality
- equity
- solidarity

In the tradition of the movement, social enterprises should behave towards others (including each other) in line with the ethical values of:

- honesty
- openness
- social responsibility
- caring for others

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<sup>1</sup> Certain types of social enterprise may be 'honourable exceptions' to the zero dividend norm, but this number is very small.