

GM Social Investment - Definition of a social enterprise

A social enterprise is a business that trades for the common good (a social and/or environmental purpose). It addresses social needs, strengthens communities, improves people's life chances, enhances culture and/or protects the environment.

Social enterprises also include co-operatives, mutuals and community businesses.

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 some of its income by trading, selling goods and services, rather than all 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 principally reinvested towards its primary mission (visibly through the business or into the beneficiary community).
- 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.

A social investment fund delivered by Greater Manchester Centre for Voluntary Organisation

St Thomas Centre
Ardwick Green North
Manchester M12 6FZ
www.gmcvo.org.uk/gmsocinvest

☎ 0161 277 1000
✉ gmcvo@gmcvo.org.uk
📱 @gmcvo