

## WHAT IS A SOCIAL ENTERPRISE?

A “Social Enterprise” is the term given to an organisation that is carrying out some form of trading, whether that be through the provision of services or selling of items. The key difference between a voluntary organisation and a social enterprise is the aspiration for sustainability of the organisation through independent income generation.

### What makes an organisation a *Social Enterprise*?

- Being developed with strong social and/or environmental purposes at its core
- Having an asset lock that ensures any profit is reinvested into the organisation
- A dissolution clause that stipulates that on wind up assets are transferred to a similar organisation with similar social aims
- An aspiration for financial independence through income generated trading

### When is an organisation *not* a social enterprise?

- When there are no clear beneficiaries
- When there is a lack of commitment to its core social and/or environmental purposes
- Existing primarily to generate income for wages or profit generation (for owners, stakeholders or investors)
- Relying on grants and donations to keep the organisation running over the long term with no aspiration to increase trading income
- When allowing assets to potentially be shared with a private business

In Scotland there is a Voluntary Code of Practice for Social Enterprises a copy of which is available in the document library.