

What is a Social Enterprise?

In the case of the Investment Readiness Program (IRP), a social enterprise differs from a business with a social responsibility portfolio or corporate social responsibility. It goes beyond a 'do no harm' approach to actively do good. It can be difficult to prove that a business is indeed a social enterprise, try examining their mission statement, budget, board, values, corporate filings and social, environmental and/or cultural impact to assess.

Social Purpose Organizations (SPOs)

The entire spectrum of organizations with a mission to advance social, cultural or environmental aims. Social purpose organizations straddle the charitable and non-profit sector (including registered charities, incorporated non-profit organizations and non-profit co-operatives), the private sector (including market sector co-operatives and private social enterprise businesses advancing a social, cultural or environmental mission) and hybrid entities such as Community Contribution Companies and Community Interest Companies, found in British Columbia and Nova Scotia respectively.

For the purposes of the IRP social purpose organizations must have a mechanism in which to generate income/revenue from the sales of goods and/or services. If an SPO is unable to demonstrate income generation from the sales of goods or services, the SPO must be able to demonstrate a track record of stable or incremental income from alternative sources, or have a plan to begin selling goods or services.

Social Enterprise

Social enterprises are revenue-generating businesses with a twist. Whatever its corporate form, a social enterprise has two goals: to achieve social, cultural, community economic and/or environmental outcomes; and, to earn revenue.

Social enterprises are organizations that use business strategies to achieve a social, cultural, or environmental mission. They have both business goals and social goals. As a result, their social goals are embedded in their objective/mission, their operating model and organization culture, which differentiates them from other organizations and corporations. Social enterprises are businesses created to further a social purpose in a financially sustainable way, as the business of a social enterprise grows, the social impact is expected to grow.

Here are a few questions that can be useful in assessing whether a business is a social enterprise or not:

- Is a significant portion of profit directed toward the social mission and growing the organizational capacity.
- What approach does it take to its labour practices should be consideredL who gets hired? Do they pay fair wages? Do they have a diversity plan amongst their board and employees? Do their employment practices align with their social mission?
- How do they source materials and products and service on an organization level? Do they use social procurement? Do they actively try to reduce negative impacts throughout their supply chain?

A social enterprise goes beyond a socially responsible business. A socially responsible business seeks to ensure that it operates in an economically, socially, and environmentally sustainable manner (a 'do no harm' approach). A social enterprise goes over and beyond the focus of operating in a sustainable manner, by seeking to actively contribute to solving a key social, environmental or cultural societal issue (the social enterprise's social, environmental and/or cultural mission and the social enterprise's primary focus) through the use of a business model which permits the social enterprise to generate revenue for the sake of expanding the impact of its social, environment and/or cultural mission.

The primary focus of an eligible social enterprise is that of expanding the impact of its social, environment and/or cultural mission not that of maximizing profits.

What is NOT a social enterprise?

For the purposes of the IRP, a social enterprise is NOT:

- A for-profit business that donates to a charity.
- A socially responsible for-profit business. (A social enterprise goes over and above a socially responsible business. Please see the above section for more explanation.)
- A consulting business in the health or education sector that is servicing a mainstream population that is not vulnerable or marginalized.
- A for-profit business that sells Fair Trade products.*

* Selling Fair Trade products in and of itself is not sufficient to be a social enterprise for the purposes of the IRP. The business must go beyond the selling of Fair Trade products. For example, establishing direct relationships with producers who are suppliers of the product, or employing or supporting a vulnerable or marginalized population in the local community through the business activities of the enterprise.