

SOCIAL ENTERPRISE

Backgrounder

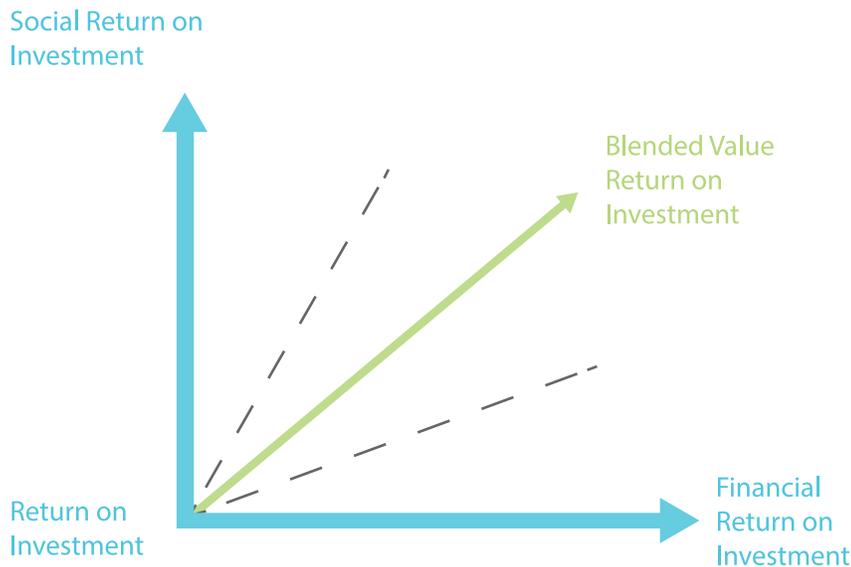
“The framework of social enterprise is often described as ‘people, planet and prosperity’ – social benefits and sustainable practices supported by entrepreneurial activities” (LOFT Youth Centre for Social Enterprise and Innovation).

To date, there is no agreed upon definition of social enterprise. The [Social Enterprise Council of Canada](#) defines a social enterprise as “businesses owned by nonprofit organizations, that are directly involved in the production and/or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims. Social enterprises are one more tool for non-profits to use to meet their mission to contribute to healthy communities” (Social Enterprise Canada, n.d.).

Although there is not a commonly agreed upon definition for a social enterprise, there are several shared key qualities:

- » Social enterprises are revenue-generating businesses, but focus on creating socially-related good.
- » They create impact and improvement in the areas of social, cultural, economic or environment sectors by using market-based principles.
- » Income/revenue generated by the business helps achieve the mission, which is the driving force of the work.
- » “Profits” are generally reinvested in growing the business or supporting other key projects. In all cases, social enterprises do not give money to shareholders or individuals as “profit” (employees are paid as part of the business plan).
- » They provide meaningful employment and training for individuals who may face barriers to employment.
- » The goal is to improve sustainability and decrease reliance on unstable sources of fundraising including grants, charitable donations and government funding.

FIG.2 SOCIAL ENTERPRISE SEEKS BLENDED RETURN ON INVESTMENT



from Jed Emerson, [Blended Value](#)

Social enterprise can be thought of as combining social and economic values to achieve success. Unlike the traditional ‘return on financial investment’ used by the private sector, or the “social return on investment” used by the non-profit sector, social enterprise measures what Jed Emerson calls a ‘blended value bottom line’ (www.blendedvalue.org). That is, the return on investment is not financial or social but rather it is both at the same time.

Social enterprises in the community sector often hire people who have been marginalized from the mainstream job market. This could include people facing mental health or addictions issues, people with disabilities, people living in poverty, people experiencing homelessness/poor housing or youth. In addition to job skills, a social enterprise also tends to provide other support services, including life skills, counselling, etc.

“To me, a social enterprise is a business model, like any other kind of business model. But rather than the revenues going back into the pockets of the shareholders or the trustees, social enterprise is set up so that a portion or all of those funds and proceeds are funneled to offset some kind of social inequality or to provide supports to some areas in society that might be lacking or could benefit from having a resource.”
—Eddy St. Coeur, *Manager Social Enterprise, Choices for Youth*

While it may seem like a new concept, it is simply a new term for an old concept. “Thrift stores have been selling inexpensive household items and generating revenue for charities for over 100 years, YMCAs have operated hostels and fitness centres for decades; alternative businesses have employed people who live with a mental illness since the 1980s” (Toronto Enterprise Fund [website](#)).

There are a wide variety of social enterprise activities used in the community non-profit sectors, including arts and crafts, courier services, catering businesses, laundry services, print shops, restaurants, thrift stores etc.