What is the Social Enterprise Code?

The UK Government published an 'official' definition of social enterprise (SE) in 2002 which was also adopted in Scotland. Over the last couple of years, the popularity of SEs has risen drastically, however the definition has not been

The Criteria:

1. A Social Enterprise (SE) is a trading business- but the primary objective of the SE is to achieve a social and/or environmental benefit. Unlike some charities and voluntary organisations SEs aspire to be financially independent through trading in goods and/or services.

2. Regardless of its legal form, the governing document of a SE will include the requirement that profits are reinvested in the business or in the beneficiary community – and not distributed to private owners, shareholders and investors.

3. The governing document will always require that on dissolution, the assets of the SE are reinvested in another organisation with similar purposes. This is referred to in the governing document as the 'asset lock' and is the defining characteristic of a SE which distributes it from the private sector.

4. SEs are constituted and managed in an accountable and transparent way, particularly with regards to the community they serve.

5. SEs are distinct from the public sector and cannot the subsidiary of a public body.

Values and Behaviours

Value based: SEs are businesses founded on their core values, social fairness and the protection of the planet should be preconditions of all economic activity, all their business practice are expected to be honest and fair.

Good Employers: SEs are good employers, they continually strive to offer dignified workplace experience; aiming to pay a 'living wage'; and having flatter pay structures than the private sector. SEs don't pay inequitable salaries to management; a maximum ratio of 1:5 between lowest and highest is a useful guide.

Democratic: From Co-ops and mutuals', SEs have learned the benefits of common ownership and democratic governance. This is the primary model of the social economy in the UK.

Empowerment: From the Development Trusts and Community Enterprise sectors, SEs have learned about bottom-up responses to social problems and how they empower local communities.

Collaboration: SEs should see themselves as a competitive business, however SEs do try to support and help each other. In the spirit of the Open Source IT* community. SEs will also where possible encourage the practice of intra-trading i.e. procuring local goods and services from within the sector itself.

*https://medium.com/spaceengagers/open-source-technologies-for-social-enterprises-45551102e2d4

Activity

How does your organisation meet the criteria and can you relate to your values to that of the code?

Need help?

You can contact at us and arrange a call at: sedg@tsdg.co.uk