

Characteristics and Definition of Social Enterprises

François Brouard, DBA, FCPA, FCA
SCSE/CSES, Sprott School of Business, Carleton University

Brouard and Larivet (2010) have analyzed several definitions of social enterprises to identify primary and secondary characteristics and to present a definition from those characteristics.

Characteristics

Primary characteristics of Social enterprises (SE_PRISE) are:

- (A1) SE_PRISE are defined as enterprises, organizations or projects
- (A2) SE_PRISE have a social mission which is central to addressing social needs/problems
- (A3) SE_PRISE assets and wealth are used to create community benefit
- (A4) SE_PRISE have various degree of positive social transformation
- (A5) SE_PRISE have various degree of innovation
- (A6) SE_PRISE have various degree of financial self-sufficiency
- (A7) SE_PRISE take a wide variety of legal forms

Secondary characteristics of Social enterprises (SE_PRISE) are:

- (A8) SE_PRISE may used business approaches, tools, and techniques
- (A9) SE_PRISE may rely on a diverse mix of resource streams
- (A10) SE_PRISE may be engaged in goods and services in a market place (earned income strategies and economic business model)
- (A11) SE_PRISE may be market driven and client driven
- (A12) SE_PRISE may be a competitive business
- (A13) SE_PRISE may have risk taking behavior
- (A14) SE_PRISE may have a double or triple bottom line paradigm
- (A15) SE_PRISE surplus are principally reinvested for the social purpose
- (A16) SE_PRISE may have rules prohibiting or limiting distribution of surpluses among members
- (A17) SE_PRISE may be the result of an initiative by a community
- (A18) SE_PRISE may have complex and democratic governance arrangements
- (A19) SE_PRISE may be seen as accountable to both its members and a wider community

Definition

Building upon these characteristics,

Social enterprises are organizations which pursue social missions or purposes that operate to create community benefit regardless of ownership or legal structure and with various degrees of financial self-sufficiency, innovation and social transformation.

More information in:

Brouard, F., Larivet, S. (2010). «Essay of clarifications and definitions of the related concepts of Social Enterprise, Social Entrepreneur and Social Entrepreneurship», in Fayolle, A. and Matlay, H. (Ed.) *Handbook of Research in Social Entrepreneurship*, Cheltenham: Edward Elgar Publishing, 352p. (Chapter 3 - p.29-56)