

***Starting and Sustaining a Social  
Enterprise in Health and Social  
Care***

by

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**Fig 2: Differences between social enterprises and charities and private businesses**

<b>Features</b>	<b>Private Business</b>	<b>Charities</b>	<b>Social Enterprise</b>
Ownership	Owned by shareholders who invest in the organisation	Committed in trust to a management committee of trustees or directors	Owned by the community or beneficiaries in trust and can assume different legal formations
Profit sharing	Profits disbursed between shareholders	Surpluses retained by the charity for the furtherance of its services	Surpluses used for furthering its social or environmental objectives (triple bottom lines)
Innovation	Can be highly innovative for the purpose of wealth creation	Can be innovative in addressing its objective but may not have a strong and sustainable innovative edge	Can be socially innovative, developing new products processes and services to meet the needs of those they aim to serve. The motive is primarily social and not economic but in some cases may be less able than charities to provide services to the most needy.
Sustainability	Can be short term in approach especially as shareholders put pressure for growth and profit maximisation	Unrestricted funds give freedom to operate. But a shorter term approach can be driven by restricted funds and conditions; for	Due to its earned income and innovative strategy, a social enterprise can be highly sustainable e.g. Grameen Bank has operated for over

		<p>example, funds and projects can be time constrained, with services ceasing when funding ends</p> <p>Some charities are old-fashioned but there are well run and efficient charities. Some charities are over 100 years old e.g. YMCA, Barnardo's and Salvation Army, while others have large unrestricted fundraising capacity</p>	<p>20 years providing non collateral loans for the poor.</p> <p>Grameen has also diversified into other business sectors such as nutrition and energy.</p>
Trading	<p>A key characteristic of private business is value creation and trading activity</p>	<p>Due to potential risk regulatory structures discouraged trading, with charities having to ring-fence their trading activity e.g. shops. But changes are coming. In the United Kingdom a new charity structure known as the Charitable Incorporated Organisation (CIO) encourages trading</p>	<p>A key part of the business ethos is trading through various activities such as trading directly with the public, trading between organisations or providing a service on a contractual basis for organisations</p>
Involvement of stakeholders	<p>In general stakeholders are kept distant but CSR considerations are growing and can affect company reputation and</p>	<p>Strong involvement with its stakeholders in meeting mutual objectives</p>	<p>High involvement with its internal and external stakeholders</p>

	sponsorship e.g. Nike and Lance Armstrong		
Bottom lines	Singular bottom line to maximise profit	Mostly singular bottom line to deliver a charitable objective e.g. relief of poverty.	Triple bottom lines which include social, financial and environmental objectives being attained