

# Criteria to define a Social Enterprise

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|                           | Requirement   | D  | C  | B  | A   |   |
|---------------------------|---|--|--|--|---|---|
| Financial independence    | <b>1a</b><br>Economic activities are socially and environmentally sustainable | The company works according to socially and ecologically sustainable principles in its business activities.                    | <ul style="list-style-type: none"> <li>- The economic activity contains approaches for social and ecological sustainability (e.g. "do no harm").</li> <li>- The organization can demonstrate that it operates in a more socially and environmentally sustainable manner than organizations in the same sector with a comparable company size or with comparable products/services</li> </ul>   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The economic activity is conducted in full compliance with sustainable principles.</li> <li>- The actions go beyond reducing negative social or environmental impacts.</li> </ul>  | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- Sustainable action can be proven by internal measurements.</li> <li>- The company comparison can be documented with key figures and measurements.</li> </ul>  | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The sustainability of the economic activity can also be proven by at least one certificate for sustainable action (public or private)</li> </ul>  |
|                           | <b>1b</b><br>Stable financial situation                                       | The company has a stable financial situation.  | - The forecast for the next 2 financial years shows stable finances.   | <ul style="list-style-type: none"> <li>- The past 1 financial years show stable finances.</li> <li>- The forecast for the next 2 financial years shows stable finances.</li> </ul>   | <ul style="list-style-type: none"> <li>- The past 3 financial years show stable finances.</li> <li>- The forecast for the next 3 financial years shows stable finances.</li> </ul>  | <ul style="list-style-type: none"> <li>- The past 5 financial years show stable finances.</li> <li>- The forecast for the next 3 financial years shows stable finances.</li> </ul>  |
|                           | <b>1c</b><br>Level of income vs. expenses                                     | The company can cover part of its expenses through sales revenue.  | - Revenue accounts for at least 25% of all funding.  | - Revenue accounts for at least 51% of all funding.  | - Revenue accounts for at least 75% of all funding.   | - Revenue accounts for at least 100% of all funding   |
| Societal objective        | <b>2a</b><br>Societal objective   | The organization meets specific social or environmental needs or actively contributes to the public welfare.                   | <ul style="list-style-type: none"> <li>- Problem areas are specifically named (social or ecological problem, affected stakeholders, interrelationships and causes of the problem).</li> <li>- The organization pursues at least one SDG.</li> </ul>  | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The causes of the problem can be presented in detail and underpinned with data.</li> </ul>   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The problem area has been examined in detail. Scientific studies on the problem area can be cited.</li> </ul>   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The problem area has been examined in detail. Scientific studies on the problem area can be cited.</li> <li>- The future prospects are presented. Scientific sources are also cited for these future scenarios.</li> </ul>                        |
| Area of Impact            | <b>3a</b><br>Innovation   | The organization is innovative or offers an innovative product or service.   | - The organization offers an innovation that is offered only occasionally or rarely by a few other national providers, i.e. the innovation may already be the norm in the national context.  | - The organization offers an innovation that is offered only occasionally or rarely by a few other national providers, i.e. the innovation may already be the norm in an international context.  | - The organization offers an innovation that is not offered by any other national provider.   | <ul style="list-style-type: none"> <li>- The organization offers an innovation that is not offered by any other national provider.</li> <li>- The innovation pursues the goal of structurally changing systems, especially those that have led to the cause of the social problem (systemic change).</li> </ul> |
|                           | <b>3b</b><br>Process to increase impact                                       | The organization has developed an impact model as well as introduced a process to improve its societal impact.                 | <ul style="list-style-type: none"> <li>- The intended impact is described and defined in a legal framework, e.g. in the articles of association.</li> <li>- The output and outcome of the work are described.</li> </ul>   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The output and outcome are provided with qualitative or quantitative key figures (at least 3 key figures).</li> <li>- A qualitative and / or quantitative survey is carried out (at least every 5 years).</li> <li>- The potential for improvement based on the surveys can be described.</li> </ul> | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- A qualitative and / or quantitative survey is carried out (at least every 2 years).</li> <li>- The potential for improvement based on the surveys is incorporated into the work.</li> <li>- External stakeholders are regularly informed about this process (reporting).</li> </ul>   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The evaluation is carried out according to a standard at least every 2 years.</li> <li>- The evaluation is accompanied by an external organization (on a one-off or permanent basis).</li> </ul>  |
| Stakeholder relationships | <b>4a</b><br>Involvement of the beneficiaries                                 | The organization has established a relationship with the beneficiaries or their interest groups and includes them in its work. | <ul style="list-style-type: none"> <li>- At least one beneficiary is described (e.g. age, gender, place of residence).</li> <li>- The beneficiary(ies) and/or their representatives are informed about the work in an appropriate manner.</li> </ul>   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The beneficiary(ies) and/or their representative(s) have a right of co-determination in (certain) decisions, which are specified.</li> <li>- The beneficiary(ies) and/or their representative bodies are involved in the work in an appropriate manner.</li> </ul>                                   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The beneficiary(ies) and/or their representative(s) are often involved in the work in an appropriate manner, e.g. by being employees.</li> <li>- The public is informed transparently about this involvement. (e.g. press releases, newsletters).</li> </ul>  | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- The beneficiary(ies) and/or their representative bodies have a veto-right, e.g. by being shareholders.</li> </ul>   |
|                           | <b>4b</b><br>Goal-oriented cooperations                                       | The organization considers collaborations with other organizations as an effective way to achieve its mission.                 | - Possible collaboration partners can be listed.   | - The organization is in contact with potential collaboration partners from the same subject area (e.g. by inviting them to events).   | - The organization maintains at least one collaboration with at least one other (social) enterprise or organization from the same subject area.   | - The organization maintains several collaborations; at least with one other (social) enterprise or organization from within or outside its thematic field.   |
| Appropriation of profits  | <b>5a</b><br>Appropriation of profits   | The company uses profits primarily to achieve its mission.   | <ul style="list-style-type: none"> <li>- Profits are reinvested in the organization more often than they are distributed.</li> <li>- Individual distributions are limited to less than 30% of profits in a financial year.</li> </ul>  | <ul style="list-style-type: none"> <li>- Profits are only distributed in exceptional cases and are otherwise reinvested.</li> <li>- Individual distributions are limited to less than 20% of the profits in a financial year.</li> </ul>   | <ul style="list-style-type: none"> <li>- Profits are not distributed, with less than one exception in the last 5 years.</li> <li>- Individual distributions are limited to less than 10% of the profits in a financial year.</li> </ul>   | - The company does not distribute profits.  |
| Organizational structure  | <b>6a</b><br>Decisions are made in favor of the mission                       | The organization protects the mission from the influence of non-mission interests.   | <ul style="list-style-type: none"> <li>- organizational but no legal separation:                             <ol style="list-style-type: none"> <li>a) Management by one or multiple owners</li> <li>b) Other Organizational separation of financial shares from decision-making rights</li> </ol> </li> <li>- All decision-making bodies are staffed in such a way that decisions are not made at the expense of the societal mission.</li> </ul> | <ul style="list-style-type: none"> <li>- organizational and legal separation:                             <ol style="list-style-type: none"> <li>a) The majority (51% or more) of the organization's financial shares belong to the employees or the beneficiaries.</li> </ol> </li> </ul>   | <ul style="list-style-type: none"> <li>- organizational and legal separation:                             <ol style="list-style-type: none"> <li>a) Granting a veto right to a non-profit organization or foundation</li> <li>b) Set-up as a hybrid organization in which the decision-making rights are held, e.g. through patents, in a non-profit legal form, while the business operations (financial shares) are organised in another legal form.</li> </ol> </li> </ul> | - Organizational and legal separation: organization in steward ownership, i.e. "the assets remain tied to the company".   |
|                           | <b>6b</b><br>Decisions made with employees                                    | The organization involves employees in important decisions.  | - Employees are informed about important decisions in an appropriate manner.   | - Employees have a right of co-determination in a defined selection of decisions, which are set out i.e. in the articles of association.   | <p>Additionally:</p> <ul style="list-style-type: none"> <li>- Employees have a veto-right in a defined selection of decisions, which are set out i.e. in the articles of association.</li> </ul>  | - The organization is employee-led.   |