

Transforming business

Social enterprise boosts economic growth and motivates workers and customers to effect positive social change – a model for future commerce

Social enterprises are some of the most exciting new players in the SME economy: over a third are under five years old, and they're more likely to grow than their SME peers. They are a major contributor to UK economic growth and it's time to recognise their impact.

The definition of enterprise is changing – it's broader than ever. With growing pressure from consumers, and employees encouraging business to focus on non-financial returns, some of the UK's leading entrepreneurs are capitalising on the opportunity through this innovative business model. Social enterprises are businesses like any other, except in how they use their profit – it's either reinvested or donated to drive positive social or environmental change.

Part of their success has been the disruptive change that many social enterprises bring to the economy. With an alternative measure of return, these businesses often provide a fresh perspective and approach to incumbent industries. They are also able to bridge gaps between the social and commercial sectors, in many cases solving long-standing problems.

Moreover, social enterprises are often a more compelling choice – providing a competitive feel-good product at a good

Social enterprises are businesses like any other, except in how they use their profit

price. For businesses choosing suppliers, and with consumers interested in the impact of their purchases and subjecting corporates to higher degrees of scrutiny, opting for a social enterprise can be an easy answer to gain competitive edge.

A recent *10,000 Small Businesses* UK graduate, Karen Lynch is CEO of Belu Water, an environmentally conscious water provider that reinvests over £1 million of profits annually to clean water projects in Africa through WaterAid. After taking over the company in 2008, she turned it from a loss-maker into a socially profitable business in a few short years. Belu is now integrated into several major restaurants' supply chains, reducing their carbon footprint and providing a great product simultaneously.

Another success point for social enterprise comes down to purpose. Studies have shown that the next generation of workforce – the post-millennial Gen-Z – is interested in more

than just a pay cheque. They want to feel part of an organisation with a mission to contribute to the society they live and work in. Social enterprises have capitalised on this desire, providing a working environment where employees are motivated by their very purpose.

Social enterprises are becoming increasingly recognisable – from notable social projects *The Big Issue* and Comic Relief to cutting-edge technology firm Raspberry Pi and the supermarket chain Co-op. Over a sixth of *10,000 Small Businesses* UK graduates are social enterprises, a significant over-representation among the UK's most ambitious, high-growth organisations. They are also taking on staff at a faster rate than their fellow graduates, with 43 per cent annual employment growth against 29 per cent.

Social enterprises are at the forefront of UK economic growth – supporting their growth and ambition in the same way as we do for regular businesses is smart for both business and the world.



CHARLOTTE KEENAN, Head of the Office of Corporate Engagement EMEA, Goldman Sachs