Social Enterprises As An Income Creating Organization

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Executive Summary

The paper describes what the concept is all about; it describes a social enterprise as an income-creating organization with a twist. Therefore, Genesys Works is an example of a social business that is exclusively used to bring out the real meaning of social enterprise. There are several characteristics that present a clear picture of social enterprise. For instance, the social enterprise should have a clear social and/or environmental mission set out in its governing documents; produce the majority of its revenue via trade; reinvest the greater part of its income; be independent of the state; be managed according to the interests of the social mission; be responsible and apparent. Genesys Works is, therefore, in line with these features. It is noted that Genesys graduates are far more likely to attend college than their peers, and this is an added advantage to these graduates as well as to the entire society.

Social Enterprises

Social enterprises are income-creating organizations with a twist. Regardless of whether it is managed by a non-benefit association or by a revenue-driven organization, a social enterprise has two prime objectives: to accomplish social, cultural, community, as well as environmental outcomes and to generate income (Trivedi & Stokols, 2011). In this scenario, the social enterprise that will be used is Genesys Works, which is focused on serving society by offering teachings to high school juniors. These juniors are then placed in some paid internships, believing that they will land or get steady jobs after their graduation. This benefits them and their families as they can support them from their incomes.

At first glance, several social enterprises do look, feel, and still work like customary organizations. Be that as it may, looking all the more profoundly, one finds the characterizing qualities of the social enterprise: mission is at the focal point of business, with revenue generation assuming a critical supporting responsibility.

Social enterprises are considered activities. Hence, they should produce the lion’s share of over 50% of their income via trade. We recognize that, be that as it may, many new companies of any kind

require subsidizing to get off the ground and turn to readily accessible sources. Considering this, as a rule, we expect that within two years of working, bona fide social enterprises produce over 50% of their revenue through their individual exchange activities (Lambru, 2012).

Social enterprises have some characteristics, and they must:

- Have a clear social and/or environmental mission set out in their governing documents
- Produce the majority of their revenue via trade
- Reinvest the greater part of their incomes
- Be independent of the state
- Be managed according to the interests of the social mission.
- Be responsible and apparent

Social And Environmental Mission

The social venture group concurs that the essential point of all social enterprises must be a social or environmental one. It is not ethical to endorse what constitutes a social or ecological mission. Neglecting “endorsed” social purposes would constrain the exceptionally entrepreneurial character we need to empower and cut us off from what is expected. What should be done is to accept that an organization’s social mission has to be expressed in the company’s overseeing reports and that social enterprises ought to have the capacity to clarify and legitimize the estimation of the social change they expect to achieve (Trivedi & Stokols, 2011).

Profits

What a social venture does with its benefits is the primary path in which social enterprise is instantly recognizable from typical organizations. It is held that the greater part (over 50%) of an association’s benefits ought to be reinvested to further its social or ecological mission.

It should be noted that reinvesting the gains or profits alone does not compare to the making of social esteem, and we recognize there are different ways an association can extricate funds should it decide to. Nonetheless, we trust that various nearby elements, such as the reinvestment of benefits, are unmistakable pointers that an organization is not set up primarily for proprietor or shareholder esteem.

Self-Governance

Social enterprises are recognized as self-governing organizations that are free of the state. In any case, we perceive that some social enterprises are in a venture toward freedom. For instance, where social ventures emerge from the public sector, the social endeavour may work at arm’s length from

people in the public body for a transitional time frame while it builds up itself. It is believed that when this happens, it must be for a predetermined transitional period (Trivedi & Stokols, 2011).

Ownership And Control

Possession and oversight are basic inquiries in the social venture, and we trust that in a perfect world, social endeavour ought to be claimed and monitored in light of a legitimate concern for its social or ecological mission. In the instances of social undertakings with shares, the dominant part of these ought to be possessed in light of a legitimate concern for the social mission. This could be a brilliant share issue. A Golden Share is ostensibly a share that can outvote every single other share in certain predefined conditions.

This is turning out to be progressively critical in times when new models of speculation are being investigated for the social endeavour in light of value and shareholding and when the legislature is effectively advancing the mutualization and worker responsibility for administrations (Lambru, 2012). What's more, as the social enterprise sector develops and investigates new markets, a few markets will have high capital necessities. We recognize that shares and value may well be a necessary piece of the segment's future, and we would not at all want to limit its potential development. Where the shares in an organization are to be sold to raise value conjecture, we do not trust that they ought to represent over 49% of possession, and the controlling stake of the association ought to be held in light of legal concern for the social or ecological mission.

Assets And Asset-Lock

Several social enterprises guarantee that their advantages are legitimately ensured and for all time held for the social or natural position (this implies that they cannot be purchased out and privatized). It is held that there are a few circumstances in which having an asset lock is fundamental for a social enterprise. With regards to the exchange of open administrations and public resources for the social business enterprise, it is essential that these are locked and secured for social or natural gains. We trust that a benefit can be compelling, guaranteeing that a social endeavour works in the more significant interests of society interminably and is not at risk of the offer (Lambru, 2012).

However, it is perceived that various social ventures have access to no open assets or resources. Some have profited from the impressive individual business enterprise on the business person and needed the cash back. Others need information on the functional components of being a social enterprise for the purpose of the idea, thus receiving a standard organization structure without an asset lock. While it is held that an asset lock is an attractive component for the entire social enterprise sector, it is perceived that there are a few situations where it is not required, given the way different insurances are set up.

Accountability And Transparency

As their associations work in more extensive interests of society, it should be held that openness and accountability are fundamental for social enterprises. While we trust that appropriate structures are attractive, we perceive that there is a broad range of routes in which associations can ensure their social mission (SZYMAŃSKA & JEGERS, 2016).

Social enterprises that are a part of the co-agent development are responsible to their individuals – buyers, staff, or group people. Other social undertakings take a more customary “organization” structure with a top managerial staff that is lawfully responsible for the association’s social mission and, additionally, its monetary execution.

Different business visionaries are pulled into social ventures since it permits them to adapt to be responsive and dynamic. So, they may have few organizations but no independent board because their responsibility ostensibly lies with their clients. In these cases and all others, we trust that a single currency connected, the social and ecological declaration, is significant, authorizing the division, customers, workers, and financial experts to make the judgments on an organization’s social qualifications.

Genesys Works is an example of a social enterprise that specialises in teaching low-income high school students some basic skills concerning information technology, such as installing and troubleshooting software. These juniors are then placed in some paid internships, believing that they will land or get steady jobs after their graduation. As an added advantage, Genesys graduates are far more likely to attend college than their peers.

One of the arguments advanced is based on the stakeholder and legitimacy theories of corporate social responsibility, which argue that even though business organizations are purely driven by the profit-maximization motive, they also have the responsibility to help resolve the unmet needs of the societies in which they operate (Lundstrom, Zhou,& Friedrichs, 2013). In doing so, business organizations are not only likely to guarantee their continued success, but they are also able to legitimize their existence. Moreover, it has also been argued that other institutions (e.g. the government) have failed to resolve the needs of society, and therefore, businesses ought to try resolving such needs (Mullerat, 2010). In this regard, business organizations founded upon the profit-maximization maxim have become extensively involved in initiatives geared toward addressing some of the social problems which the societies in which they operate face (Lundstrom, Zhou,& Friedrichs, 2013). The involvement of openly for-profit firms in social activities and missions implies the presence of the earned income aspect and negates the perspective of social innovation without enterprise, which lies at the centre of Dees’ definition. Consequently, the argument is presented that Dees’ definition of social entrepreneurship fails because it does not adequately deal with earned income.

The second argument in support of the statement that Dees’ definition of social entrepreneurship fails because it does not adequately deal with earned income is based on the observed inadequacy of

government and donor funding for organizations engaged in social activities (Dees & Anderson, 2006). As pointed out by Bugg-Levine, Kogut & Kulatilaka (2012), most social enterprises lack the capacity to finance their social missions. They do not generate adequate profitability to enable them to access the conventional financial market. The cost of meeting their social mission is gigantic, but the cost of borrowing from private sources often outweighs the financial returns, and such organizations can only survive through grants from the government, charities, or high-net-worth individuals who are amenable to making donations in return for little or no financial return on social projects (Bugg-Levine, Kogut & Kulatilaka, 2012).

With declining funds from governments and donors, the ability of these organizations to meet their social mission is put in jeopardy. A workable solution for these organizations would be to engage in commercial activities that can generate income for them, with such income being utilized to fulfil their social mission.

By stressing social innovation without enterprise, however, Dees' definition ignores how such organizations ought to finance their activities, especially in the wake of reduced government and donor support for them. As such, the argument that Dees' definition of social entrepreneurship fails because it does not adequately deal with earned income is upheld.

Considering the arguments presented above, evidence also exists to demonstrate that organizations which are formed to execute a social mission are often more effective and better financed when they get involved in business.

Finally, most of the social problems which social enterprises seek to resolve also have an economic dimension. Therefore, interventions taken to resolve the social problems without addressing the economic context in which they occur cannot resolve the social problem. Long-term solutions to social problems require that economic factors be considered along with social ones. This is why social enterprises such as the Grameen Bank and Habitat for Humanity have successfully incorporated earned income initiatives into their social interventions targeted at the economically disadvantaged (Dees & Anderson, 2006).

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