

Glossary – Social Enterprise London

The following terms are useful for those working in the social enterprise sector.

Asset Based Development

A development strategy that recognises that the possession of tangible assets – land, buildings or a dedicated income – is the key to achieving the goals of self-sufficiency, independence and sustainability which underpin community based regeneration organisations.

Capacity Building

The use of organisational development models and training to develop a community's skills. The aim is to increase the ability and willingness of community members to initiate projects, programmes, and businesses, to organise these ventures, and to keep them running. This body of talent, skill and experience is known as a community organisational capacity. It is at once the key product, and driving force behind the community's economic development.

Common Bond

Credit unions all have a common bond, which determine who is able to join them. There are 4 main types of common bond,

- Community or Residential - anyone who lives within its boundary;
- Live or work - people who work within an area may join the credit union as well;
- Employment or Industrial - all employees in a company or group of companies;
- Associational - membership of a trade union, trade association or other group.

Community Business

A trading organisation which is set up, owned and controlled by the local community and which aims to create ultimately self-supporting

jobs for local people and be a focus for local development. The term Community Business is normally used for social enterprises that have a strong geographical definition and focus on local markets and local services.

Community Development Financial Institution (CDFI)

The term "Community Development Financial Institution" describes financial services providers (including community development banks, community loan funds and community development venture funds) whose mission specifically requires them to achieve social objectives. The CDFIs (sometimes in the UK called CFIs - community finance initiatives) considered in this report focus specifically on financial services for businesses and social economy organisations rather than for personal use. They may provide equity, quasi-equity or debt services. While some UK CDFIs are regulated as banks or building societies, most CDFIs in the UK do not have deposit-taking status. The legal forms most often used are the Industrial and Provident Society (I&PS) and, in association with charitable status, the company limited by guarantee.

Community Development Venture Capital Fund

A venture capital fund, run for profit, targeted at under-invested communities.

Community Loan Fund

A community loan fund is a CDFI that provides loans.

Company Limited by Guarantee

A company where instead of buying shares, each member provides a guarantee to provide a pre-determined amount if needed when the firm is wound-up, which may be as low as £1. Charities, Development Trusts, Social Firms and Community Businesses frequently use this form of incorporation.

Co-operative

An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Corporate Social Responsibility

Is a wide-ranging agenda that involves businesses looking at how to improve their social, environmental and local economic impact, their influence on society, social cohesion and human rights, and fair trade. CSR is an issue both for large multinationals and for small, locally based businesses.

Credit Union

A financial co-operative, which is owned and controlled by its members. As well as being a good savings option, with successful credit unions paying an annual dividend of up to 8%, the money saved can be used to make low interest loans to other credit union members. Only people who come within the common bond of the credit union can join it and make use of its services. The credit union is directed and controlled by a volunteer Board of Directors.

Development Trusts

Are defined as organisations, which are:

- Engaged in the economic, environmental & social regeneration of a defined area or community
- Independent and aiming for self-sufficiency
- Not for private profit
- Community-based and owned
- Actively involved in partnerships between the community, voluntary, private and public sectors

ESOP

Stands for 'employee share ownership plan', a plan that allows employees to participate in their businesses on a significant scale in a tax efficient way. An ESOP is a combination of an employee benefit trust (EBT) and a share distribution mechanism approved by the Inland Revenue (in the form of a profit-sharing trust, a company share option, or a savings-related share option). An unapproved option scheme can be used in some cases.

Fair Trade

Is an alternative approach to conventional international trade. It is a trading partnership, which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness raising and by campaigning. Examples include Cafédirect and Divine Chocolate. Many of the companies are structured as social enterprises.

Industrial & Provident Society

Is a company incorporated under the Industrial and Provident Society Act, including most co-operatives and some Development Trusts.

Intermediate Labour Market Projects

Provide training and work experience within the supportive structure of a community business. The work experience, often a year in length, provides a stepping stone to employment.

Lets

Local Exchange Trading Schemes are community-based mutual aid networks in which people exchange all kinds of goods and services with one another, without the need for money.

They are an organised form of barter.

Managed Work Space

Buildings, frequently converted buildings in deprived areas that provide accommodation for start-up and existing businesses. In addition to leased space, new businesses also have access to training and advice. They also provide an important income stream to community regeneration organisations such as Development Trusts.

Micro-enterprise

A very small business, usually defined as "a business with fewer than 10 staff". Sometimes defined as "a business with fewer than 5 staff". 89% of all UK businesses have fewer than 5 employees. Some Social

Enterprise such as development trusts run programmes to assist Micro-enterprise.

Micro-finance

Small loans; savings facilities with no (or a very low) minimum deposit; and other financial services like insurance, money transfer or bill payment designed for people on low incomes.

Micro-loan Fund

A fund providing small loans, i.e. a particular form of micro-finance. A micro-loan fund is a specialised form of financial service based on distinct products specially designed to service micro-enterprises and is not merely the occasional provision of a very small loan.

Mutuals

Take many forms: credit unions, co-operatives, building societies, employee-owned businesses. They are organised by their members, who band together with the common purpose of providing a shared service from which they all benefit.

Mutualisation

Refers to the increased use of mutual organisation to provide services under contract to Local Authorities, either new services or existing services transferred to new mutual structures.

New Generation Agricultural Co-operatives

Represent the newest generation of producer co-operatives. Their major focus is on 'Value-Added' processing rather than limiting themselves to marketing 'Commodities'.

Non-profit or 'Not-for-profit'

Terms commonly used to describe organisations which do not distribute profits, although they seek to make an operating surplus.

Social Audits

Social and ethical accounting and auditing are all methods of measuring and reporting on an organisation's social and ethical performance. An organisation which takes on an audit makes itself accountable to its stakeholders and commits itself to following the audit's recommendations.

Social Business

Term sometime use by social enterprises where there is a small core of members who act in a similar way to trustees. These social businesses often focus on providing an income or employment opportunity for disadvantaged groups, or providing a service to the community.

Social Capital

By analogy with notions of physical capital and human capital--tools and training that enhance individual productivity--"social capital" refers to features of social organisation, such as networks, norms, and trust that facilitate co-ordination and co-operation for mutual benefit. Social capital enhances the benefits of investment in physical and human capital.

Social Economy

Is seen as existing between the private, market sector on the one hand and the public sector on the other and is separate from both. It includes not only Social Enterprise organisations but also voluntary organisations, foundations, trade unions, religious bodies and housing associations.

Social Entrepreneurs

An entrepreneur has imagination to identify new opportunities and determination to bring them to fruition. A social entrepreneur does so for public good rather than private profit.

Social Exclusion

Is a shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor

skills, low incomes, poor housing, high crime environments, bad health and family breakdown.

Social Firm

Is a business created for the employment of people with a disability or other disadvantage in the labour market. It is a business which uses its market-oriented production of goods and services to pursue its social mission. A significant number of its employees will be people with a disability or other disadvantage in the labour market. Every worker is paid a market rate wage or salaries appropriate to the work whatever his/her productive capacity. Work opportunities are equal between disadvantaged and non-disadvantaged employees. All employees have the same employment rights and obligations.

Surplus

The profit in many social enterprises is referred to as surplus, to reflect their 'not-for-profit' status.

Source: SEL at www.sel.org.uk