

## SEL 'social enterprise' definitions

The following definitions are used by Social Enterprise London (SEL):

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

**Capacity Building** – the use of the 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 business, 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 of, and driving force behind, the community's economic development.

**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 to 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)** – a financial services provider (possibly a community based bank, community loan fund or a community development venture fund) which has a mission to achieve social objectives. Some CDFIs (Sometimes in the UK called CFIs – Community Finance Initiatives) focus specifically on financial services for business and social economy organisations rather than individuals. They may provide equity, quasi-equity or debt services. While some UK CDFIs are regulated as banks or building societies, most do not have deposit-taking status. The legal forms most often used are the industrial and provident society (IPS) 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 communities that lack investment.

**Community Loan Fund** – a community loan fund is a CDFI that provides loans.

**Company Limited by Guarantee** – a company in which, instead of buying shares, each member signs 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** – A wide ranging agenda that involves businesses looking at how to improve their social, environmental and local economic impact, and their influence on society, social cohesion, human rights and fair trade. CSR is an issue both for large multinationals and for small, locally based businesses.

**Industrial and Provident Society** – is a body incorporated under the Industrial and Provident Societies Acts, including most Co-operatives, quasi-charitable societies for the benefit of the community and some development trusts.

**Managed Work Space** – buildings frequently converted factories or warehouses 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. The rents constitute an important income stream to community regeneration organisations such as development trusts.

**Micro-Enterprise** – a very small business, usually defined as having fewer than 10 staff, but sometimes fewer than 5 staff (89% of all UK businesses have fewer than 5 employees). Some social enterprises such as development trusts run programmes to assist micro-enterprises.

**Micro-Finance** – Small savings and loans facilities with no (or very low) minimum deposit; and other financial services like

insurance, money transfer or bill payment designed for people on low incomes.

**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 for which they all benefit.

**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 an audit makes itself accountable to its stakeholders and commits itself to following the audits recommendations.

**Social Business** Term sometimes used 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 organisations, such as networks, norms, and trusts, 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 enterprises 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, inadequate housing, high crime, bad health and family breakdowns.

**Social Firm** is a small business created to provide integrated employment and training to people with a disability or other disadvantage in the labour market. It is a business, which uses the market-orientated 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 wage or salary appropriate to the job, 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.

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